

EXHIBIT D



COMMONWEALTH OF
PUERTO RICO
Government Development Bank
for Puerto Rico

Municipal Secondary Market Disclosure Information Cover Sheet
Municipal Securities Rulemaking Board (MSRB)
Electronic Municipal Market Access System (EMMA)

IF THIS FILING RELATES TO A SINGLE BOND ISSUE:

Name of bond issue exactly as it appears on the cover of the Official Statement:

Nine-digit CUSIP* numbers if available, to which the information relates:

IF THIS FILING RELATES TO ALL OR SEVERAL SECURITIES ISSUED BY THE ISSUER, OR ALL OR SEVERAL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name: University of Puerto Rico

Other Obligated Person's Name (if any): _____

Six-digit CUSIP* number(s): 914811 and 74528N (AFICA – University Plaza Project)

TYPE OF INFORMATION PROVIDED:

A. Annual Financial Information and Operating Data pursuant to Rule 15c2-12

Fiscal Period Covered: 2014-2015

B. Audited Financial Statements or CAFR pursuant to Rule 15c2-12

Fiscal Period Covered: _____

C. Notice of Failure to Provide Annual Financial Information as Required

D. Other Secondary Market Information (Specify): _____

I represent that I am authorized by the issuer, obligor or its agent to distribute this information publicly.

A handwritten signature in black ink, appearing to read "Jorge A. Clivillés Díaz".

Jorge A. Clivillés Díaz
Executive Vice President

Dated: April 29, 2016

Exhibit F

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GOVERNMENT
DEVELOPMENT
BANK FOR
PUERTO RICO
GDB

UNIVERSITY OF PUERTO RICO
ANNUAL FINANCIAL INFORMATION
Fiscal Year 2015

Introduction

This report is related to the issuances by:

- The University of Puerto Rico ("UPR") of its University System Revenue and University System Revenue Refunding Bonds (Base CUSIP No. 914811); and
- the Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority of its Educational Facilities Revenue Bonds, 2000 Series A (University Plaza Project) (Base CUSIP No. 74528N).

In compliance with Rule 15c2-12, as amended, of the Securities and Exchange Commission, the UPR has covenanted to file within 305 days after the end of each fiscal year with the Municipal Securities Rulemaking Board (MSRB) through the Electronic Municipal Market Access System (EMMA):

- Core financial information and operating data for the prior fiscal year, including UPR's audited financial statements, prepared in accordance with generally accepted accounting principles, and
- material historical quantitative data (including financial information and operating data) on the University's System (including its pension plan, labor relations and litigation) and revenues, expenditures, financial operations and indebtedness generally found in the final Official Statement of the above mentioned issuances.

Appendix I

Included as Appendix I is the UPR's annual financial information and operating data report for the Fiscal Year ended June 30, 2015.

Note

UPR's audited financial statements for the fiscal year ended June 30, 2015 will be submitted as soon as available.

APPENDIX I

UNIVERSITY OF PUERTO RICO

ANNUAL FINANCIAL INFORMATION AND OPERATING DATA REPORT

UNIVERSITY OF PUERTO RICO

The University of Puerto Rico (the UPR or the University), founded in 1903, is a state supported university system created by Law No. 1 of January 20, 1966, “Law of the University of Puerto Rico” (“Act No. 1”), as amended, with the mission to serve the people of Puerto Rico and contribute to the development and enjoyment of the fundamental, ethical and esthetic values of Puerto Rican culture, and committed to the ideals of a democratic society. To advance its mission, the University strives to provide high quality education and create new knowledge in the Arts, Sciences and Technology. The University is a public corporation of the Commonwealth of Puerto Rico (the Commonwealth).

The University of Puerto Rico System

The University is the oldest and largest institution of higher education on the island with a history of academic excellence. With approximately 5,151 professors and researchers, 57,571 students and thousands of alumni that honor the island with their intellectual and professional contributions at the local and international level, it comprises 11 campuses located throughout the island.

The University of Puerto Rico offers 277 associate and bachelor's degrees, 117 master's degrees, 34 doctoral degrees and many continuing education courses and programs. During the past decade, UPR's development has focused on the graduate level; conferring over 767 PhD's in the last 5 years, 50% of which are in Science and Technology. Close to 79% of all research and scholarly articles published in indexed and peer reviewed journals in Puerto Rico in 2014 were produced by UPR.

The organizational structure includes a Governing Board, a University Board, a President, a Vice President of Academic Affairs, a Vice President of Student Affairs and a Vice President of Research. Each campus has a Chancellor, a Dean of Academic Affairs, a Dean of Students, a Dean of Administration, a Dean or Director for each college or school, and, in the case of the Río Piedras Campus, a Dean of Graduate Studies and Research. All units have institutional accreditation by the Middle States Commission on Higher Education and the required program accreditations allowing students to continue graduate studies in the United States or in other countries. The University of Puerto Rico has an ample research agenda and professional exchange programs with over 120 institutions of higher education at the international level.

Since its creation, the UPR has educated the majority of the top leadership of Puerto Rico's academic, business and government sectors and confers more than 9,100 degrees per year. During the last year, some 16,127 potential first year students have applied to the UPR, representing over 44% of all high school seniors in the island; of approximately 34,000 high school students that take the College Board Exam in Puerto Rico, 47% apply for admission to the UPR; 24% of the island's university students attend the UPR; and the UPR grants 24% of the university degrees in the island. The UPR is the premier Hispanic serving institution in the United States with over 90% of its student body being of Hispanic origin. The UPR has the highest selectivity of all colleges and universities in the island. During the academic year 2014- 2015, the average GPA of the new coming class, which comprised about 13, 024 students, was 3.61. Close to 70% undergraduates receive PELL Grants.

The UPR capacity to attract federal funding for research, training, public service and other endeavors to advance its mission and priorities is certainly a premier strength. A broad range of federal agencies currently sponsors UPR research activity in the Sciences, Health Sciences, Engineering, Technology and the Arts for a total of close to \$79.3 million expended during Fiscal Year 2014-2015. Efforts continue to increase and diversify sources of funding.

Accreditation of Academic Programs and Services

Professional and specialized accrediting entities establish quality standards for academic programs and services. These rigorous standards include aspects concerning the quality of student services, student learning assessment, instructional equipment and facilities, Faculty qualifications, and institutional support, among others. Of all UPR academic offerings, 58% are susceptible to professional or specialized accreditation, of which close to 84% are accredited, 40% of these since 2008. These indicators show that the institution intently approaches its goal to obtain and maintain professional accreditation in all programs of study in which such accreditation is available. These include the academic programs in Business Administration, Office Systems, Educator Preparation, Computing, Engineering Technologies, Automotive Technology, Graphic Arts and Interior Design, Communication, and Criminal Justice, Hotel and Restaurant Administration. Academic services pursuing accreditation include Museums, Counseling and Psychological Services Departments, and Preschool Development Centers. Through an agreement with ACRL, the UPR's libraries are periodically evaluated by external examiners to assess their compliance with ACRL's standards for libraries in higher education.¹ The most recent developments in program accreditation include:

- The Río Piedras Campus College of Business Administration is accredited by AACSB. Only 5% of the Business Schools world-wide are accredited.
- Of the 36 Business Administration programs in nine campuses, 27 (75%) have been accredited by ACBSP.
- Ten of eleven (90.9%) Office Systems Administration programs have been accredited by the ACBSP.
- Four of five (80%) Communication programs have been accredited by the ACEJMC.
- Four of nine (44%) Computer Sciences programs have been accredited by the ABET-CAC. Three of these were recently evaluated for re-accreditation.
- Two of four (50%) Chemistry programs have been recognized by the ACS. The remaining two are actively working on being recognized soon.
- All 68 (100%) Educator Preparation programs at ten UPR Campuses have been accredited by the NCATE. All of them are currently preparing for future evaluations by CAEP. Eleven of fifteen (73%) Engineering Technology Programs have been

¹ (AACSB) Association to Advance Collegiate Schools of Business; (ACBSP) Accreditation Council for Business Schools and Programs; (CAC-ABET) the Computing Accreditation Commission; (ETAC-ABET) Engineering Technology Accreditation Commission; (ACEJMC) Accrediting Council on Education in Journalism and Mass Communication; (ACPHA) Accreditation Council for Programs in Hospitality Administration; (ACS) American Chemical Society, (NCATE) National Council for Accreditation of Teacher Education; (NAEYC) National Association for the Education of Young Children; (ACRL) Association of Collegiate and Research Libraries; (AAM) American Alliance of Museums); National Automotive Technicians Education Foundation (NATEF); (ACJS) Academy of Criminal Justice Sciences; (NASAD) National Association of Schools of Art and Design; (IACS) International Association of Counseling Services

accredited by the ABET-ETAC. One was recently evaluated for re-accredited, while five are preparing for re-accreditation visits. The Bachelor in Hotel and Restaurant Management at UPR-Carolina has been accredited by the ACPHA. It was the first program of its kind to be accredited in Puerto Rico.

- The Río Piedras Campus and Central Administration Preschool Developmental Centers were recently re-accredited by NAEYC; the Rio Piedras Campus' *Escuela Maternal* was accredited by AdvancEd.
- All of the Libraries throughout the UPR System have been recognized by ACRL as meeting their qualify standards. They are currently preparing for the second evaluation cycle.
- Seven of the eleven Counseling and Psychological Services Departments have been accredited by IACS.
- One of seven University Museums is accredited by AAM. The Río Piedras Campus "*Museo de Historia, Antropología y Arte*" was the first academic museum in the Island and the third museum to have such a distinction.

Through the recognition granted by national and international accreditation organizations, the UPR ensures that its students are receiving a competitive education and academic services of the highest quality.

Institutional Accreditation

Since 1946, the UPR obtained and maintains institutional accreditation by the Middle States Commission on Higher Education (MSCHE) as its leading credential to validate and strengthen the quality and integrity of its endeavors in the framework of internationally recognized standards.

The University of Puerto Rico Campuses

The University of Puerto Rico system includes all the campuses at Río Piedras, Mayagüez, Medical Sciences, Cayey, Humacao, Ponce, Bayamón, Aguadilla, Arecibo, Carolina and Utuado, and the Central Administration.

The Río Piedras Campus (UPR-RP) is located in the island's capital, San Juan. It is a comprehensive doctoral institution and the oldest and most complex unit in the UPR system. Its academic offerings include 68 undergraduate programs. The graduate offer includes 12 PhDs, three Ed.D, international programs in Law, at both LLM and JD levels. In academic year 2014-2015, a total of 2,345 undergraduate and graduate degrees were awarded.

The Campus serves over 15,761 students, of whom 3,399 are graduate students with a faculty of 1,379, two-thirds of which has the highest degrees from universities all over the world and 1,700 non-faculty employees. It houses research centers on Material Sciences, Environmental Sciences, Nanotechnology, the Caribbean, HIV/AIDS Education and Prevention, History, Hispanic Studies, Social Sciences, Labor Relations, Cooperativism, Psychology, Math and Sciences, Business and Law, to name a few.

UPR-RP has 75 professionally accredited programs, the most recently those of the Computer Science Program, the School of Public Administration, the School of Communication, the Center for Pre-School Development, and the College of Business Administration.

In the past 4 years, the UPR-RP has received over \$56M in external funds, mainly for research, institutional development, and training.

The **Mayagüez Campus (UPRM)** was established in 1911 as a land-grant institution committed to teach agriculture, military tactics, and mechanic arts as well as classical studies. It is located in Mayagüez, west of Puerto Rico and is the second largest campus in the UPR system. The Mayagüez Campus offers 104 academic programs: 54 bachelor degrees, 42 master degrees and 8 PhDs. It serves 12,130 students, of which 9,711 are enrolled in undergraduate programs with a faculty of 917 and 1711 non-faculty employees. In academic year 2014-2015, a total of 1,785 undergraduate and graduate degrees were awarded.

All six of its engineering bachelor's degree programs are accredited by ABET, while efforts are underway to obtain AACSB accreditation for the College of Business Administration. In addition, the Mayagüez Campus offers a Teacher Preparation Program, accredited by NCATE. Students from this program consistently obtain among the highest scores in the teacher certification exams.

The **Medical Sciences Campus (MSC)** was established in 1924 as the School of Tropical Medicine affiliated with Columbia University. It is located in the San Juan metropolitan area adjacent to the Puerto Rico Medical Center. It comprises the Schools of Medicine, Dental Medicine, Public Health, Pharmacy, Nursing, and Health Professions, with 65 academic offerings, including 9 associate and bachelor's degree, 5 professional doctoral degrees, 33 masters, and 11 doctoral programs. It serves 2,221 students. In academic year 2014-2015, a total of 651 undergraduate and graduate degrees were awarded.

The MSC professional schools and programs, and hospital based residencies hold profession specific accreditations granted by the corresponding organizations. The numerous school and program accreditations guarantee institutional compliance with professional standards and maintain MSC programs attuned to new knowledge and emerging trends in their respective fields.

The campus operates as a health sciences center with close ties to the community through an extensive network of public and private practice sites. It operates the University of Puerto Rico Hospital in Carolina, and has numerous teaching and practice arrangements with hospitals in the Puerto Rico Medical Center and the nearby Veterans Administration Hospital, among others. It houses the School of Dental Medicine main practice site and sponsors several community-based service projects in low-income areas in which students participate. The Schools of Pharmacy, Public Health, Nursing, and Health Professions have extensive networks of sites that guarantee the quality of student practice experiences. The School of Medicine oversees a successful faculty practice plan that supplements faculty income, generates resources for the institution, and offers students and residents a wealth of clinical experiences under faculty supervision.

Besides teaching and service, the MSC is also engaged in numerous research projects, many of which are funded by the National Institutes of Health (NIH) and its subdivisions. Over the past

10 years, this activity has continued to grow, fueled in part by seed money from infrastructure building programs such as the Minority Biomedical Research Support (MBRS) and the Research Centers in Minority Institutions (RCMI). Research projects address the areas of cancer, health disparities, HIV, malaria, dengue, neurosciences, mental health and behavioral problems, drug addiction, women's health, oral health, industrial pharmacy, and translational research, among others.

The **Cayey Campus (UPR-Cayey)** was established in 1967 and is located in Cayey, in the island central region. It offers 27 bachelor degrees in five academic areas: Teacher Preparation (11) and the Natural (4) and Social Sciences (4), Humanities (4), and Business Administration (4). It serves 3,687 undergraduate students with a faculty of 217 and 345 non-faculty employees. In academic year 2014-2015, a total of 526 undergraduates' degrees were awarded.

The **Humacao Campus (UPRH)** was established in 1962 and is located in Humacao, 30 miles southeast of the capital city of San Juan. It is the most important university center of the Eastern region of Puerto Rico. UPR-Humacao offers 24 academic programs: 19 of them lead to a bachelor degree (Office Systems Administration, General Biology, Coastal Marine Biology, Communication Technology, International Business, Accounting, Elementary Education with a Special Education component, Nursing, Physics Applied to Electronics, Management, Elementary English, Secondary English, Social Action Research, Wildlife Management, Computational Mathematics, Microbiology, Industrial Chemistry, Human Resources and Social Work); and 5 lead to an associate degree (Technology of Audiovisual Communication, Electronic Technology, Chemical Technology, Physical Therapy and Occupational Therapy). It also offers 22 articulated transfer programs to other UPR campuses. The UPRH serves 3,628 students with a faculty of 301 and 353 non-faculty employees. In academic year 2014-2015, a total of 539 undergraduates' degrees were awarded.

The **Arecibo Campus (UPRA)** was established in 1967 and is located in Arecibo, in the northwestern coast of the island, approximately 50 miles west of San Juan. UPRA offers 14 undergraduate degrees and 4 associate degrees. It offers 34 articulated transfer programs to other UPR campuses. It serves 3,786 students with a faculty of 266 and 260 non-faculty employees. In academic year 2014-2015, a total of 585 undergraduates' degrees were awarded.

The **Bayamón Campus (UPRB)** was established in 1971 and is located in Bayamón, in the northeastern part of Puerto Rico in an area of rapid industrial and economic development, and is oriented to fulfill the growing academic needs of such a community. It offers 12 bachelor degrees, 4 associate degrees, and 29 articulated transfer programs to other UPR campuses. The UPRB serves 4,974 students with a faculty of 280 and 301 non-faculty employees. In academic year 2014-2015, a total of 482 undergraduates' degrees were awarded.

The **Ponce Campus (UPRP)** was established in 1969 and is located in Ponce in the southern coast of Puerto Rico, approximately 67 miles south of San Juan. It offers 12 bachelor degrees, 4 associate degrees and 52 articulated transfer programs to other UPR campuses. It serves 3229 students. Approximately 85% percent of the student population studies full time, 78% of the student body is enrolled in bachelor degree programs, 11% in technical programs, and 11% in transfer programs. The student body is served by approximately 193 faculty and 243 non-faculty

employees. An average of 60% of faculty teaches full-time, and about 39% has doctoral degrees. In academic year 2014-2015, a total of 399 undergraduates' degrees were awarded.

The **Aguadilla Campus (UPRAg)** was founded in 1972 and is located in Aguadilla, in the northwestern coast of the island. UPRAg offers 12 bachelors, 2 associate degree, and 32 articulated transfer programs to other UPR campuses. It serves approximately 2,973 students with a faculty of 167 and 197 non-faculty employees. An average of 33% of the full-time faculty members has a doctoral degree. In academic year 2014-2015, a total of 337 undergraduates' degrees were awarded.

The **Carolina Campus (UPRCA)** was founded in 1974 to serve the northeastern geographical area. Presently it serves students from different geographical areas of the island and a small group of students from the Caribbean. It offers 12 undergraduate majors: Education, Finance, Management, Cultural Tourism, Criminal Justice, Law and Society, Forensic Psychology, Office Systems, Restaurant and Hotel Administration, Food and Beverage Administration, and Advertising and Graphic Arts. It also offers 5 associate degrees including Hotel Administration, Industrial Automation, Interior Design, Mechanical Engineering Technology, Instrumentation and Control System Engineering Technology, and Automotive Technology, and 25 transfer programs in Social Sciences, Natural Sciences, Allied Programs in Health-Science, and Engineering. In academic year 2014-2015, a total of 659 undergraduates' degrees were awarded.

The UPR Carolina is the only campus within the UPR System that operates under a quarter term calendar system. Typically students obtain their bachelor or associate degree in a shorter period of time. It serves 3,843 students, 92% of who study full-time. The student body is served by 239 faculty and 229 non-faculty employees.

The **Utuado Campus** was created in 1978 and is located in Utuado, in the mountainous central region of the island. It offers two-year agricultural programs. It offers 3 bachelor degrees and 11 associate degrees. It serves 1,388 students with a faculty of 97 and 171 non-faculty employees. The campus milieu (118 adjoining acres, the largest contiguous extension of all eleven system campuses, and a singular location valued for its Taíno Indian heritage) presents an optimal and distinctive environment for study within an agricultural setting. In academic year 2014-2015, a total of 155 undergraduates' degrees were awarded.

Special Programs Under the Vice President for Research and Technology Office (VPRT)

The Molecular Sciences Research Building The Molecular Sciences Research Building (MSRB) is the most important and ambitious biomedical research project ever undertaken by the UPR. It is a 152,000 sq. ft. structure inaugurated on October 2012 and built following the most advanced architectural and organizational design to facilitate interdisciplinary collaborative work in areas such as basic, clinical and translational research. Located midway between the Río Piedras and Medical Sciences campuses of the UPR, it contains research facilities for funded investigators from both campuses, and, as such, represents the ideal site to develop productive technological and clinically relevant collaborations. Presently, it houses 15 investigators, from these two campuses, as well as over 250 students, technicians and associate research personnel conducting basic and translational biomedical research in the areas of protein structure and dynamics,

molecular biology, genomics, proteomics, bioimaging, pharmacogenetics, and neurosciences. The Laboratories and Centers in operation include advanced level technologies and services such as:

1. The Materials Characterization Center providing service to research and industry;
2. Genomics / Nucleic acids (DNA, RNA) sequencing laboratory;
3. Lipidoics, Metabolomics, Proteomics / Protein structure characterization and crystallization laboratory, in partnership with the biotechnology industry;
4. Clinical Bioreagents Center in association with NIH, CDI Laboratories (in Mayagüez), Amgen, Eli Lilly and PRIDCO to study protein candidates for a vaccine against the HIV virus;
5. The Nikon Center of Excellence in Microscopy. In collaboration with Nikon, the UPR and the MRSC has created an imaging facility with a confocal and a multi-photon microscope to support the imaging needs to the researchers in the MSRC.
6. The Technology Transfer and Innovation Office to empower it to become the main hub of the ecosystem for development of intellectual property, its licensing, creation of start-ups or spin-offs, and full entrepreneurial insertion and sustainability of a knowledge base economy for Puerto Rico.

The primary goal of the MSRB is to produce a significant increase in competitively funded forefront scientific research by scientists at UPR thus generating the first multidisciplinary environment within the PUR System, designed to meet the needs of cutting-edge research in Puerto Rico for the next 25 years. Its mission is to accelerate the rate of scientific discovery and technology development in areas of cutting edge scientific impact through internal research and external collaborations and/or partnerships with the academic sector, federal and local agencies, as well as the private industry. To fulfill this mission the MSRB is a state-of-the-art facility for advanced research and technology that provides modern laboratory spaces with the latest instrumentation and the most advanced scientific expertise in areas of chemistry, neurobiology, biochemistry, molecular biology, and nanotechnology. Through this multidisciplinary approach, this facility seeks to bridge basic research disciplines and clinical research to foster Translational Research and Technological Innovation.

To this end, and under the Vice Presidency for Research and Technology, activities presently conducted at the MSRB include the following research and service centers, instrumentation, grant commitments and planned facilities:

Research:

- Nikon Center of Excellence in Microscopy
- Sequencing & Genomic Center
- Clinical Biological Center on HIV Vaccine
- Natural Products Center
- Proteomic Facility
- Molecular Sciences Drug Discovery Center

Service:

- Technology Transfer and Innovation Office
- Materials Characterization:
 - a. Research and Consulting Services
 - b. Functional Genomic & Proteomics
 - c. Molecular Structure Characterization
 - d. Analytical Spectrometry and Microscopy

Grants:

All MSRB scientists have active research grants, some of which have been funded by the following agencies:

- National Institutes of Health (NIH)
- National Science of Foundation (NSF)
- National Aeronautic and Space Administration (NASA)
- An HIV vaccine research agreement signed between NIH-NIAIDS, CDI, the Puerto Rico Science Trust and MSRB researchers.
- Innovation grants from the Puerto Rico Science Trust.

Instrumentation for molecular structure characterization and analysis include (most recent and advanced):

700 MHz NMR*
FT-IR RAMAN
UVP Bio-imaging system, Photographic
Atomic Force Microscope
SEM & TEM
Maldi TOF/TOF and DNA Sequencer
Real time PCRs
Octet
Protein Simple – Isoelectric focusing
Optical Emission Spectrometer
XRD, SAXS, and XPS
GC Mass Spectrometer
Flow Cytometer and Zetasizer Nano
Thermalgravimetric Analysis (TGA)

* with ASEND AEON technology equipped with a CryoProbe platform capable of analyzing both protein and DNA structures

Planned facilities:

Three new 20,000 sq. ft. floors each. A topmost, the 7th floor will be dedicated to house a vivarium for basic research and to perform pre-clinical studies. The 6th floor will be dedicated to a

Neuroplasticity Center and a complementary Chemical Synthesis Center. The 5th floor will be a new floor for tech transfer and innovation. This floor will be home for new UPR technology companies and will showcase startups, where their technologies will be incubated.

Puerto Rico Resource Center for Science and Engineering (RCSE): The Resource Center for Science and Engineering (RCSE) of the University of Puerto Rico was founded in 1980. The RCSE is a consortium of the island's major institutions of higher education. Its mission is to promote, nurture, and advance the development of the natural sciences, engineering, and technology within the local academic community to provide Puerto Rico with the highly skilled human resources, infrastructure, and the research base needed for economic development and global competitiveness. Following a systemic approach, which envisions Puerto Rico's educational system as a whole, the Resource Center promotes the transfer of knowledge among educational disciplines, fostering high quality science, mathematics, engineering, and technology education.

The Experimental Program to Stimulate Competitive Research (EPSCOR): EPSCOR is a science and technology research and development project sponsored by the following research agencies: The National Science Foundation (NSF), The National Institute of Health (NIH), The National Aeronautics and Space Administration (NASA), The Department of Energy (DoE), and The Department of Defense (DoD). In Puerto Rico, EPSCOR is an island-wide program coordinated by the Puerto Rico EPSCoR State Committee in which the Resource Center for Science and Engineering performs pre-and -post award duties. These responsibilities promote research, innovation, and infrastructure development that improve the quality and capabilities of the Jurisdiction to more effectively compete for external research funds. EPSCoR sponsored research is performed primarily at the University's graduate centers at Río Piedras, Mayagüez and Medical Sciences campuses with participation of various other 4 year institutions. The Institute for Functional Nanomaterial's (IFN) is currently sponsoring intercampus trans disciplinary research and innovation with 44 researchers and a budget of \$20M from NSF. The INBRE biomedical research center is financed by NIH under the IDeA program with a budget of \$18M. NASA and DOE EPSCoR centers develop energy-efficient devices, fuel cells, and Li batteries. EPSCoR centers generate 25% of the peer reviewed publications in UPR and have produced 26 patents in the past three years.

NSF EPSCoR RII Track-1 Institute for Functional Nanomaterials (IFN): EPSCoR; The EPSCoR Research Infrastructure Improvement (RII) Track-1 project brings together a total of 48 scientists and engineers from six different institutions, including four four-year colleges and two research intensive institutions in PR, namely: the University of Puerto Rico at Humacao (UPRH), the University of Puerto Rico at Cayey (UPRC), the Inter American University at Bayamon, the Metropolitan University (UMET), the University of Puerto Rico at Mayaguez (UPRM), and the University of Puerto Rico at Rio Piedras (UPRRP). The implementation of this RII Track-1 project: (a) Strengthens academic research in nanoscience in PR; (b) Mainstreams the Jurisdiction's research efforts to enable PR to perform internationally competitive Nanoscale Science and Technology (NST); (c) Contributes to PR's economic development by enhancing the capacity for innovation and Technology Transfer in Nanoscience; (d) Enables the Jurisdiction to attain long term sustainability for nano R&D and educational enterprise; and (e) Contributes to the diversity of the national workforce in Nanoscience. The RII Track-1 project targets four NST

transformative research areas with high potential for innovation: 1) Bio-Nanotechnology, 2) Logic and Memory Devices, 3) Nano-Remediation, and 4) Energy Solutions through Nanotechnology. The implementation of the proposal increases the amount and quality of transformative research and the intellectual property in Nanoscale Science and Technology in the Jurisdiction. Ongoing collaborations with nationally recognized strategic partners complement the resources and scientific capabilities of the four Interdisciplinary Research Groups (IRGs), thus helping to bootstrap and accelerate the Jurisdiction's capacity to reach national levels of competitiveness in NST.

Advancing Competitive Biomedical research in Puerto Rico: The NIH-INBRE Phase II award is focused on developing biomedical research in Puerto Rico related to thematic areas such as Bioinformatics, Neuroscience, Molecular Medicine and Drug Development. It provides opportunities for faculty, post-docs, graduate and undergraduate students of underrepresented groups to conduct research and related mentoring activities at partner institutions. Furthermore, NIH-INBRE strengthens research infrastructure and expertise at partner institutions, and supports activities that enhance science and technology expertise in the biomedical workforce of Puerto Rico. The INBRE Bioinformatics core assertively fosters and stimulates the development of bioinformatics research, collaborations, and consulting services. This core is also responsible for maintaining high performance Internet-2 capabilities at participating institutions.

From Hectares to Nanometers: GK-12 Multidisciplinary Explorations of Functional Nanoscience and Tropical Ecosystems: NSF GK-12 is an interdisciplinary strategic partnership between the two largest and most developed research institutes of the University of Puerto Rico System: the Institute of Tropical Ecosystem Studies (ITES) and the Institute for Functional Nanomaterials. "One Universe, Many Worlds" is the unifying theme based by the comparison of the macro world with the nano world. GK-12 Program fellow-teacher teams learn and disseminate these recurring patterns in nature. The subject matter of these diverse fields spans eleven orders of magnitude and to the untrained minds there seems to be no relation between them. This Program exploits this huge difference to introduce to the fellow-teacher teams "that the universe is a unified system" and that knowledge gained from studying one part can be applied to other scales and help understand what apparently seems to be very diverse worlds. It also increases the knowledge through multidisciplinary explorations of tropical ecosystems and functional nanoscience while improving fellows' abilities to communicate and teach science.

Collaborative Research: Cyberinfrastructure enabled Computational Nanoscience for Energy Technologies: NSF EPSCoR Track 2 is a collaborative project that forms a consortium of two universities, The University of Nebraska (NU), and the University of Puerto Rico (UPR). Its purpose is to explore and discover new material properties and functionalities needed to address present and future energy challenges. Computational techniques permit experimenting with complex material systems through predictive models. Physics, Material Science and Quantum Chemistry problems are addressed.

Multifunctional Nanostructures for Spintronics and Magnetoelectrics Applications: PR DOE EPSCoR is a grant focused on the advancement of the fundamental science and understanding needed to synthesize thin films and nanostructures of dilute magnetic semiconductors. This grant has a partnership with Argonne National Laboratory.

Puerto Rico Louis Stokes Alliance for Minority Participation: NSF PR-LSAMP is a collaborative venture of the main higher education institutions in Puerto Rico to increase the quantity and quality of underrepresented and low-income college students who successfully complete a baccalaureate degree in science, technology, engineering, or mathematics (STEM), and continue on to complete a graduate degree in a STEM-related field. PR-LSAMP's success and institutionalization are the result of a systemic, integrative approach that builds on the successes of the past 19 years and the participating institutions' on-going efforts to improve STEM education, ensuring that the Alliance goals and objectives are sustained beyond NSF support.

The objectives of PR-LSAMP Supra Alliance are to: 1) increase the number of students who complete a bachelor degree in a STEM field; 2) increase the number of students who enter a graduate degree program in a STEM field; 3) increase the number of students who complete a PhD program in a STEM field, either in Puerto Rico or in the US Mainland; 4) sustain the annual number of BS STEM graduates from PR-LSAMP institutions to be a significant source of STEM graduate degrees; 5) sustain and enhance the direct student support strategies that have proven successful to retain and motivate undergraduate STEM students to pursue graduate studies, such as mentored undergraduate research experiences; 6) strengthen the collaborative network between STEM faculty from the different PR-LSAMP institutions; 7) establish a Supra Alliance between PR-LSAMP and a 2-year college, mainland institutions and international research centers; and 8) promote scholarly study of Learning Science and its application to STEM education and through the creation of Learning Science Education Groups (LSEGs) promote the exchange of effective strategies in learning and teaching in STEM at the undergraduate level.

Bridge to the Doctorate Program: The NSF BDP program has been successfully implemented during the past nine years. The project grants fellowships to support graduate students, providing Multidisciplinary Training at the PhD Level. To be eligible, the student must be admitted to one of the following UPR PhD programs: Biology, Chemistry, and Chemical Physics. The implementation of the UPR BDP will help: 1) to develop a highly competitive STEM education and research enterprise required to advance Puerto Rico's economic development, and 2) to meet the national need for diverse STEM professionals. By increasing the number of STEM professionals, more college students at 4 year colleges will be taught by PhD level professors/researchers. Moreover, the former-BD fellows will become role models for other students and professionals from underrepresented groups across the Nation, who will become interested in pursuing STEM careers.

PR-NASA-EPSCoR: The Puerto Rico NASA Experimental Program to Stimulate Competitive Research (PR NASA EPSCoR) supports research activities that make significant contributions to the strategic research and technology development priorities of one or more of the Mission Directorates or the Office of the Chief Technologist, and contribute to the overall research infrastructure, science and technology capabilities, higher education, and economic development of Puerto Rico. The goal is to build in Puerto Rico the core strength needed to increase competitive research and technology development methods and activities for the solution of scientific and technical problems of importance to NASA in coordination and collaboration with NASA Centers and Mission Directorates and other research centers around the Nation that seek to advance U.S. scientific, security, and economic interests through a robust space exploration program. To achieve its goal objectives, PR NASA EPSCoR gives priority to activities that: Lead to collaborative

research with NASA Field Centers and Mission Directorates; Expand PR's capabilities in NASA-related sciences at the higher education level; Attract a diversity of talented students into Science, Technology, Engineering and Mathematics (STEM) fields; Support new and ongoing NASA mission-related research projects; and Foster the active involvement of graduate and undergraduate students from diverse backgrounds in NASA-relevant projects and programs.

PR-Space Grant Consortium: The goal of Puerto Rico Space Grant Consortium (PRSGC) is to increase the research, education and workforce development capabilities pertinent to NASA in Puerto Rico, and contribute to the Nation's science and technology enterprise. The lead institution of PRSGC is the University of Puerto Rico Central Administration. The Consortium affiliates include academic, governmental and nonprofit organizations that expand the reach across the jurisdiction and contribute to the implementation of projects and activities. The allocation of funding for students, faculty and affiliates' projects is done through competitive processes. An external advisory board composed of members from NASA and the academia helps in the formative assessment of the Consortium in order to continuously steer the projects and activities in alignment with NASA's Strategic Goals. The objectives of PRSGC are to: a) Promote a strong science, technology, engineering, and mathematics education base from elementary through secondary levels while preparing teachers in these grade levels to become more effective at improving student academic outcomes; b) Establish and maintain a network of universities in the jurisdiction with interests and capabilities in aeronautics, space and related fields; c) Encourage cooperative programs among universities, aerospace industry, and government agencies; d) Encourage interdisciplinary training, research and public service programs related to aerospace; and e) Recruit and train U.S. citizens, especially women, underrepresented minorities, and persons with disabilities for careers in aerospace science and technology.

Special Research Programs, Centers or Institutes under UPR Campuses

UPR-Río Piedras Campus - The Center for Advanced Nanoscale Materials (CANM) is an interdisciplinary and multi-campus research and education created in 2003 through a NASA-University Research Center (URC) Grant, a partnership project between NASA and the University of Puerto Rico. The CANM brings together thirteen researchers from three different campuses (UPR-Cayey, Mayagüez, and Río Piedras) and four different departments (Chemistry, Physics, and Chemical Engineering) to work on research projects relevant to NASA's Mission: Life Support Systems for Air and Water Revitalization, Energy (Li-Batteries, Fuel Cells, and Electrolyzers), Sensors for Harsh Environments, and Biosensors. This is in collaboration with NASA Glenn Research Center (GRC), NASA Ames Research Center (ARC), and the Jet Propulsion Laboratory (JPL). This Center is focused on NASA's Aeronautics Research and Space Technology Mission Directorates. The Center is now moving to its 3rd 5-year Cycle and will be called MIRO-Center for Innovation, Research, and Education in Nanotechnology (CIREN).

UPR-Río Piedras Campus - The Center for Applied Tropical Ecology and Conservation (CATEC) of the University of Puerto Rico is a catalyst in the development of education and research in applied ecology. It is a multi-campus, intra campus, inter departmental and interagency center whose mission is fourfold: 1) to provide training to students (at undergraduate and graduate level) and postdoctoral researchers, 2) to conduct state-of-the-art research in conservation biology and environmental issues, 3) to improve the infrastructure of research facilities; and 4) contribute

relevant data to policy and conservation management of the island's natural resources. CATEC research focuses on the impact of climate change, climate variability, land use change, management of native and invasive species on the biodiversity, the threats to endangered and economically important species, and effects on ecosystem functioning. We choose research activities for their potential applications to the tropics in general, and specifically to the Caribbean Basin. The Caribbean is a biodiversity hotspot, an area with strong human impact where climate variability is the norm and climate change models are projecting strong environmental impacts such as increased air and oceanic temperatures, extreme rainfall events and sea level rise. Our eighteen (18) fellows are engaged in research based on four thrust areas: The Molecular Ecology, Evolution and Genetics area addresses conservation issues using molecular markers to understand phylogeny, spatial distribution of genetic diversity, and species interactions in Puerto Rico and the Caribbean. The Species and Population Management (SPM) area focuses on interactions between exotic and native species; and patterns of regional diversification and distribution of endangered and economically important species. The Ecosystem Processes and Function (EPF) area addresses how terrestrial and marine species respond to climate variability by examining paleoclimatic changes and historical anthropogenic changes in land use and their effects on ecosystem structure, and links between the ecohydrology of the region and ecosystem function. The Environmental Sustainability and Human Ecology area encompasses the study of people's interactions with their environment that employs a multifaceted, cross-disciplinary approach. Each thrust area provides a broad research venue so that researchers and students, both at the graduate and undergraduate level, can choose and develop their research interests promoting competitive research and development. We maintain local, national and international research collaborations that potentiate research and human resource development. Catec directly impacts an average of 125 persons per year, of which 79% are graduate and undergraduate students. The center also sponsors courses, symposia and workshops and publications. Our students and fellows present their research findings in local, national and international meetings, with an average of 80 presentations per year, of which 77% are either authored or co-authored by students. We maintain an average of 75 publications, published, accepted or submitted, with around 40% student authorship. CATEC creates a synergy among government agencies, industry, university and the community. It provides to government agencies research-based understanding of conservation and environmental problems, and plays a relevant role in bringing the science to conservation efforts of community-based organizations that are working to restore coral reef biodiversity and rehabilitation of urban coastal wetlands, among others.

UPR-Río Piedras Campus - The Luquillo Long-Term Ecological Research Program (LUQ) operates as a research center within the Department of Environmental Sciences of the Río Piedras Campus of the University of Puerto Rico. Since 1988, LUQ has conducted research relevant to the understanding and management of natural ecosystems, climate change, and atmospheric chemistry in tropical regions. With 30 researchers from UPR, USDA Forest Service's International Institute of Tropical Forestry in Puerto Rico, and seven collaborating mainland institutions, LUQ establishes and maintains long-term experimental and reference studies of ecosystems in the tropics; and, increases public awareness of the importance of natural ecosystems to human welfare primarily through undergraduate and graduate education and outreach activities targeting K-12 education. Its research focus is "El Yunque" (the Luquillo Experimental Forest) and surrounding lowlands where researchers conduct studies on: Animal Community Dynamics; Atmospheric Chemistry and Environmental Chemistry; Evolution and Bioconservation of

Terrestrial Ecosystems; Tropical Limnology; Structure and Function of Urban and non-Urban Streams; Landscape ecology and Spatial Analysis; Tropical Forest Dynamics; and, Biogeochemistry and Ecology of Tropical Soils. The program is beginning its 5th round of 6-year funding cycles.

At UPR-RP, the Institute for Psychological Research (IPsi) houses a number of NIH-funded projects related to intervention and prevention science of mental health, HIV-AIDS, substance abuse, and violence. IPSi is directed by Dr. Guillermo Bernal. While the institute was established in 2008, its team of investigators has received continuous support for training, research, and infrastructure from the NIMH since 1989. The institute offers a unique context in which faculty and students can integrate theory, research, and practice as key aspects of the educational experience. The mission is to promote, support, and develop high quality psychosocial research, to generate and disseminate knowledge, and to contribute to the development of high quality research response to social and behavioral problems in Puerto Rico. Since 2008, the faculty at IPSi has tripled from originally five to now 15 investigators from different departments and colleges (psychology, social work, humanities, etc.). Also the person power of IPSi is primarily made up of graduate and undergraduate students that number over 75 students. Faculty affiliates participate in these weekly meetings during which information is shared on the status, findings, and challenges of their projects. Thematic seminars by guest speakers are also incorporated during the semester. The IPSi is home to faculty experienced in treatment adaptation and evaluation (e.g., Dr. Guillermo Bernal), HIV-Aids and Stigma (Dr. Nelson Varas) cognitive neuroscience (Drs. Giovanni Tirado, Nelson Cruz and Robin Shafer) others who have participated in similar clinical trials (e.g., Drs. Carmen Rivera, Eduardo Cumba, and Emily Sáez). Some of these investigators are also available to provide additional support and mentoring for ongoing research such as statistical consults (Dr. Rivera-Medina) and assistance to students and trainees. The IPSI creates a synergy between the university, community organizations, private institutions and philanthropies. It functions as an international institute of excellence, thus allowing faculty to engage in competitive research and development. Its specific goals are to carry out scientific research to test the efficacy and effectiveness of therapeutic interventions, models of prevention and health care; to train faculty and students in research on therapeutic interventions and preventive approaches emerging; to develop a flexible and efficient structure that enhances the search for new resources to meet the demands of the new frontiers of national and international research; to disseminate the results and findings of the research; and to offer proven quality clinical services, consulting, consulting and training in treatment, prevention models and program evaluation. As an essential part of its business, the IPSI has the following core values: dignity, quality, respect, responsibility, commitment, trust, honesty, professionalism.

The High Performance Computing Facility (HPCF) of the University of Puerto Rico develops a technology and service infrastructure for the research and education community of the University. This infrastructure is built from the following components: Advanced Research Network, Core High Performance Computational Resources, Services in Support of Users of Computational Resources, Standards and Architecture and Evaluation of Emerging Technologies.

The Puerto Rico Center for Environmental Neuroscience (PRCEN) understands that the neurosciences can provide critical and sensitive tools to help understand how organisms respond to change. Therefore, it promotes integrative approaches that combine the ecology, biology and

chemistry of four interconnected Puerto Rican ecosystems (marine, estuary, terrestrial, and freshwater) with state-of-the-art research into the molecular/cellular neurobiology of organisms living within those habitats to create a novel field that requires participants to move outside of their specialized fields and learn about entirely new areas of research. PRCEN is a NSF Center for Research Excellence in Science and Technology (CREST).

The Materials Characterization Center (MCC) is located within the University of Puerto Rico, Río Piedras Campus (UPR-RP) and the Molecular Sciences Research Center. MCC is a corporation of the UPR that offers specialized services, on a fee basis, in the area of Nuclear Magnetic Resonance (NMR), Mass Spectrometry, Surface Microscopy and Spectroscopy, X-Ray Diffraction, Confocal Imaging Microscopy, Nanoscopy, Functional Genomics Research Center with Sequencing and Genotyping to industry, government and the academic community. These services are offered on a fee basis and are not available elsewhere in Puerto Rico. Thus, MCC strengthens industrial activities in PR providing prompt and reliable solutions to problems faced by manufacturing operations. MCC also reinforces the academic offerings of the public and private universities by making available to scholars and students services and facilities not available at any other institution. In this manner, the MCC also promotes closer interaction between industry and academia for their mutual benefit. Some typical applications of the MCC's facilities include: determination of the chemical structure of unknown compounds, identification of foreign materials, determination of the elemental composition, analysis and identification of impurities, characterization of Out-of-Specifications deviations (OOS), trace compounds organic volatiles identification (OVI), particle size analysis, characterization of raw materials, identification of polymorphism in pharmaceutical solids, assay test (unexpected HPLC peaks) and characterization of chemical deposits on a surfaces, among others.

UPR-Medical Sciences Campus – Since its inception in 1986, the goal of the Center for Collaborative Research in Health Disparities (RCMI Program NIH Grant G12-MD007600) is to develop more efficient and competitive research infrastructure at the University of Puerto Rico Medical Sciences Campus (UPR-MSC) to conduct translational studies in health disparities affecting the Puerto Rican population. Towards this end, the RCMI Program focuses on the following specific objectives: 1) develop an efficient and agile research infrastructure to provide services that will facilitate multidisciplinary collaborative research in health disparities; 2) target specific technical and health disparities areas for development and provide initial funding for research activities to support them; and 3) promote the professional development of faculty, graduate students, and technical personnel working on these areas.

During the previous year, the Division of Research Resources, which includes five key activities that provide research support services: the Translational Proteomics Center, the Center for Translational Genomics in Health Disparities and Rare Disorders, the Infectious and Global Diseases Program, the Translational Neurosciences Program at the Institute of Neurobiology, and the Center for Information Technologies and Telecommunications, reported 227 unique users and 3,355 visits to the facilities. The following outcomes have been associated with these activities: 13 peer-review publications; 40 new grant applications and 54 active grants.

The Collaborations and Partnerships activity which facilitates coordination among the five activities and assure that collaborative efforts are encouraged, promoted, and disseminate within

and outside the Medical Sciences Campus, reported 144 scientific collaborations, 27 local (19 %) and 117 (81 %) external. Dissemination efforts included: 76 twitters; 270 e-mail notifications (funding opportunities, policy announcement, research news); 12 monthly newsletter and 31 seminars and workshops.

The Division of Research Development includes three additional key activities: Professional Development, Recruitment and Hiring, and the Pilot Project Program. These three key activities provide a focal point for fostering research career development for three Pilot Project awardees and three additional junior investigators participating in the Faculty Development Program in areas relevant to health disparities such as cancer, HIV-AIDS stigma, infectious diseases, and drug development. A grantmanship online-course was developed during 2014-2015 and is being tested as a tool to complement current faculty development activities. In addition, a bioinformatician (Dr. Abiel Roche-Lima) was recruited in September, 2015. Dr. Roche-Lima has been in charge of establishing bioinformatics services and tools at the Center for Collaborative Research in Health Disparities and developing collaborations with researchers who are utilizing bioinformatics within and outside the MSC-UPR. He has already supported several research projects using pharmacogenomic, pathogenomics, metagenomics and Next Generation Sequencing tools to address health disparities such as cancer, inflammatory, infectious and other diseases.

The Administration Core, a component of the Division of Research Management that oversees and supports all key activities, monitors and measures progress, and provides cohesion and direction at a program level through the implementation of an Advanced Management Program completed the implementation of an electronic e-ticket system to monitor usage of RCMI-supported facilities in 2014-2015.

UPR-Medical Sciences Campus - The University of Puerto Rico Comprehensive Cancer Center (UPRCCC) and the University of Texas M. D. Anderson Cancer Center (MDACC) Partnership for Excellence in Research began in 2002 and established a comprehensive long-term mutually beneficial relationship to target and eradicate cancer health disparities. We are currently in our 2nd competitive renewal of the Partnership between the UPR and MDACC, two institutions that share a singular vision to eradicate cancer health disparities in underserved communities and socio-economically disadvantaged populations in Puerto Rico, Houston, and Latin America in general.

The overall goals established in this cycle of the Partnership are to:

- 1) Promote a multidisciplinary; translational research portfolio focused on cancer health disparities through the support of a T1 full research project in nanomedicine; a T2 full research project examining genetic markers for prostate cancer aggressiveness; and a T3 pilot project in tobacco control.
- 2) Provide core support for community outreach, community capacity building for cancer control implementation and sustainability, training on Community Based Participatory Research (CBPR), and conduct an outreach research project to reduce the burden of colorectal cancer among Puerto Rican Hispanics.
- 3) Produce a cadre of clinicians, scientists and physician-scientists working in cancer medicine and science to better serve the Hispanic community both in Puerto Rico and the Continental U.S.

- 4) Provide professional support and development tools through designated cores designed to nurture and optimize the Partnership's research, training, education, and outreach agendas.
- 5) Leverage cancer research efforts through strategic collaborations: a) between UPR, the UPRCCC and MDACC; b) within the UPR System; c) with existing community organizations and health providers across the island; and d) with other NCI-funded U54 Partnerships, like the one between the Ponce School of Medicine in Ponce, Puerto Rico and Moffitt Cancer Center in Tampa, Florida.

The support obtained through the Partnership has allowed a development and establishment of innovative research relationship between researchers at different campuses. In fact, many of the researchers that have been funded as part of the U54 have branched out into cancer research for the first time. This exposure has created excitement across the UPR campuses among senior leadership and researchers leading to awareness to expand their thinking and view proposed research in terms of cancer applications.

This is a true partnership in which both institutions profit from distinct expertise and mutual benefits in the creation and implementation of fully integrated team science, outreach, training, career development, and education initiatives.

Grant Number: 5 U54 MD 007587; Project Title: Puerto Rico Clinical and Translational Research Consortium (PRCTRC); Agency: National Institutes of Health (NIH), NIMHD; Principal Investigator(s): Marcia R. Cruz-Correa MD, PhD (contact) and Carlos A. Luciano, MD

The Puerto Rico Clinical and Translational Research Consortium (PRCTRC) is an innovative model of collaboration, bringing together and leveraging the intellectual and physical resources of three major medical and health science centers in Puerto Rico: The University of Puerto Rico Medical Sciences Campus (UPRMSC), the Universidad del Caribe Central (UCC), and the Ponce School of Medicine & Health Sciences (PSM&HS) to address and reduce health disparities that most impact Hispanic populations.

The mission of the PRCTRC is to serve as a vital and catalytic element in the efforts to understand, define, and address health disparities in Hispanic populations. Our efforts are guided by four strategic goals:

- 1) Facilitate the generation and translation of knowledge from the bench into the community by establishing a centralized program focused on reducing health disparities among Hispanic populations;
- 2) Enhance and support existing training and mentoring programs to increase the number of new minority investigators in Clinical and Translational Research;
- 3) Encourage collaborations among basic, clinical, and social scientists and community networks and health programs; and
- 4) Enhance and integrate existing infrastructure for clinical and translational research across Puerto Rico to support and expand Clinical and Translational Research in health disparities.

Related with our goal #1, we have achieved an increase in productivity, with a rise in the number of publications: from 12 to 52, respectively.

Related with our goal #2, we have achieved an increase in the number of investigators supported by the PRCTRC from 78 to 98, respectively. The PRCTRC Pilot Project Program has supported 17 awardees in their goal of becoming independent investigators. A total of 40 extramural applications were submitted, and 18 were funded, including two K awards, one SC3, and one R25.

Related with our goal #3,

Consortium institutions' collaborations: from 5 to 22, respectively

Intra-institutions collaborations: from 78 to 130, respectively

Inter-institutions collaborations: from 17 to 40, respectively

Transdisciplinary collaborations: from 36 to 53, respectively

Overall collaborative studies: 93 to 166, respectively

Related with our goal #4, we have achieved an increase in the number of studies supported from September 2010 to February 2016: from 161 to 173.

UPR-Medical Sciences Campus - The Endowed Health Services Research Center (EHSRC). The Endowed Health Services Research Center (EHSRC) at the School of Medicine is a NIH funded program for building, strengthening and enhancing the UPR School of Medicine's research capacity, resources and infrastructure, conducive to excellence in research and training in the area of health services research with special emphasis in health disparities. The EHSRC core programmatic areas are: 1) Leadership and management- it focuses on the administrative leadership and oversight responsibilities of EHSRC activities and initiatives, including establishing and maintaining partnerships, advisory committee, and program evaluation; 2) Education and training- includes activities regarding research capacity building for strengthening research knowledge and skills to facilitate research in order to address the elimination of health disparities. Also, it is focused in facilitating networking opportunities for independent and collaborative research projects of UPR SOM faculty, residents, fellows and students; 3) Research development and infrastructure- consists of two subareas: research facilities and resources, and technology advancement or expanding; and academic research infrastructure to the strengthening of UPR SOM clinical and academic programs in research area; and 4) Community-based research- essentially includes activities promoting the use of community settings for translational research training and development. The EHSRC has continuing providing support to medical students, residents and faculty in their research projects supporting more than 30 projects in 2014-2015. It has established several Research Interest Groups at UPR SOM, and has developed a community-campus partnership (known as *Salud para Piñones*) in a low-income community to provide opportunities for faculty and students to receive training in CBPR approach to address health disparities in PR. Also, has developed a *Cardiovascular Surveillance Database Repository*, which includes population-based data collection on selected cardiovascular diseases in PR available as a research tool principally for medical faculty, residents and fellows. Currently, the EHSRC is collaborating with two federal funded projects: a U54 NIH project with the University of Miami, title Hispanic Stroke Prevention/Intervention Research Program (SPIRP) and with the PR Department of Health for the development and evaluation of a community-based intervention with

health workers to support diabetes and chronic disease self-management in low-income communities in PR.

During 2014-2015 as an educational resource a new website was launched including a research resources section with tools to support clinicians with interest in research. In addition, the EHSRC have increased the availability of training opportunities with the establishment of new collaborations including a program to provide training in proposal development in collaboration with “The Disparities Solution Center” of the Massachusetts General Hospital, the implementation of FunCaTS of Mayo Clinic CTSA to provide basic training to residents and faculty in basic research skills, and the participation in the “Expanding National Capacity in Patient Centered Outcome Research (ENACT) Program” an AHQR funded program in collaboration with the University of Pittsburgh to train investigators from minority serving institutions .

UPR-Medical Sciences Campus - Institute of Neurobiology. The Institute of Neurobiology is a free-standing unit of the University of Puerto Rico Medical Sciences Campus. Administrative oversight is provided by the Deanship of Academic Affairs. The Institute was established in 1967 by Professor José del Castillo, Distinguished Professor of the University of Puerto Rico, as a multidisciplinary interdepartmental facility dedicated to the study of nervous system structure and function. The Institute is presently composed of eleven laboratories that utilize a variety of model systems to address some of the most challenging issues facing modern neuroscience – ranging from synapse development and specification in *Drosophila* to the molecular basis of addiction. The Institute of Neurobiology houses a NeuroImaging Core (confocal, live imaging, electron microscopy), a shared Molecular Neurobiology Core, and a Neurogenetics Core. Facilities are available for short and long-term visits by scientists and students. The Institute's current research portfolio includes several prestigious center awards including: NSF CREST Puerto Rico Center for Environmental Neuroscience (NSF HRD-1137725), the NIGMS-supported COBRE Puerto Rico Center for Neuroplasticity (NIH NIGMS 1P20GM103642), and an Undergraduate Research Mentoring (URM) program in Neural Networks and Behavior (NSF DBI-0932955). Recent individual awards include Endocytic Mechanisms Controlling Functional Selectivity of the CB1 Receptor (NIH 1R01DA037924-01; G. Yudowski, PI), Correction of Mutations within the Cystic Fibrosis Transmembrane Conductance Regulator by Site-directed RNA Editing (Cystic Fibrosis Foundation, J. Rosenthal, PI), and an NIH Transformative Research Grant Site-Directed RNA Editing: a New Method to Correct Disease Mutations (NIH R01NS087726, J. Rosenthal Co-PI). Infrastructure support includes the Translational Neuroscience Program (RCMI NIMHD 8G12-MD007600) and NSF Major Research Instrumentation (MRI) grants that have funded acquisition of a JEOL Electron Microscope (DBI 0959225, R. Blanco, PI) and a Nikon Laser Scanning Confocal Microscope (DBI-1337284, M.W. Miller and M. Díaz-Ríos, Co-PIs).

UPR-Medical Sciences Campus - Behavioral Sciences Research Institute (BSRI). The Behavioral Sciences Research Institute (BSRI) is a scientific research program under the Deanship for Academic Affairs of the Medical Sciences Campus of the University of Puerto Rico. The Institute has evolved from more than 31 years of continuous multidisciplinary work in the areas psychiatric epidemiology, prevention and treatment studies of mental disorders, behavioral problems, asthma, and obesity in the adult, child, and adolescent population of Puerto Rico. During hispath the BSRI has generated over 319 publications in peer review Journals. In addition the BSRI has and continues to translate, adapt to the Puerto Rican culture, and test the psychometric properties of various diagnostic instruments used in the research performed. The BSRI continues to develop

methodologies and theoretical models which are applicable to research with Hispanic and other minority populations within the United States; promotes collaborative research with other national and international research centers and researchers within and outside the island, and provides training to students in basic research skills, both within the University and outside, particularly in Latin America. Most of the BSRI's funding is generated from external resources obtained through competitive research proposals to the National Institute of Health (NIH). The BSRI has received uninterrupted NIH external competitive funds since 1982, and has received funding for 18 RO1's, 1 P20, 3 UO1's, 1 PO1, 1 R24, 1P50, 2P60's and 2 R21's mostly in the areas of mental health and pediatric asthma. At present the BSRI, has seven research project, six RO1's and one R21, four in the area of mental health, two in asthma and one in high blood pressure.

UPR-Medical Sciences Campus - Capacity Advancement in Research Infrastructure: University of Puerto Rico School of Dentistry (CAiRI) was awarded on 2005 (1S21MD001830-10) as part of a NIH National Center on Minority Health Disparities (re-designated in 2010 to the Institute on Minority Health and Health Disparities) endowment. The goal of the CAiRI is to advance the health disparities research infrastructure and capacity of the UPR School of Dental Medicine (UPRSMD) for the conduct, collaboration, and promotion of scientifically meritorious research on Health Disparities, while developing the "pipeline" of new minority researchers. The CAiRI has supported researchers and foster new researchers for the past eight years with Dr. Augusto R. Elías-Boneta as Program Director and one of the Multiple PIs. To date, the CAiRI researchers have been granted with several NIH awards. The endowed chair, Dr. Kaumudi Joshipura has been awarded with a R01 ("Periodontitis and Pre-clinical diabetes", "Diversity Supplement for "Periodontitis & Preclinical Diabetes"); and a U01 ("Pregnancy and EARly Lifestyle improvement Study"). Carmen J. Buxó, an Assistant Professor at the UPRSDM received support from the endowment in the past five years for her training and development as a new researcher, was granted (9/1/2014) by the National Institute of Dental and Craniofacial Research (NIDCR) with The NIH Pathway to Independence K99/R00. This competitive career transition award entitled "Genetic and Environmental Risks for Oral Clefts in Puerto Rican Hispanics" (K99DE024571) is the first K99/R00 awarded to the UPR and to a higher education institution in Puerto Rico.

The "Hispanic Clinical and Translational Research Education and Career Development (HCTRECD)" program is supported by an NIH-NIMHD R25 MD 007607 grant. Its mission is to support qualified Hispanic post-doctoral candidates advance their careers and become part of the national cadre of clinical and translational researchers focused on studying health disparities. The goal of the HCTRECD program is to expand the scope and access to clinical and translational research education and career development for Hispanics across Puerto Rico. We propose to attain this goal by achieving the following specific aims:

Aim 1: Strengthen research education and career development in Puerto Rico through the implementation of the revised post-doctoral Master of Science in Clinical and Translational Research (MSc) curriculum.

Aim 2: Develop a diverse group of Hispanic scientists with the necessary knowledge and skills to pursue clinical and translational research, particularly in diseases and health care conditions that disproportionately impact minority populations.

The post-doctoral Master of Science in Clinical and Translational Research program is a joint academic offering between the School of Medicine and the School of Health Professions. This program has been continuously funded by NIH since its inception in 2001. For the last funding period (2012-2017), the NIMHD R25 HCTRECD program extended its recruitment activities to four higher education institutions in the island: Ponce School of Medicine and Health Sciences, Universidad Central del Caribe, Universidad del Turabo SUAGM and Universidad Carlos Albizu. It also included the Rio Piedras and Mayaguez Campuses of the UPR in its recruitment activities. Training faculty from different disciplines in focused clinical and translational research will allow more meaningful collaborations among disciplines, facilitating team approach to problem solving. It is expected that this approach will produce well-trained researchers who can lead successful clinical and translational research projects.

Recruitment of outstanding candidates remains one of the top priorities of the MSc program. Our scope of recruitment reaches not only the recruitment activities that take place at UPR Medical Sciences Campus but has expanded to include our six partner institutions. As a result of the dissemination and recruitment efforts the program, for the next academic year 2016-2017 has received a total of 18 qualified applications: 6 MDs, 9 PhDs, 1 DMD, 1 PharmD, and 1 DrPH. For the Academic year 2015-2016 seven candidates (six women and one man) were admitted to the MSc Phase I representing different disciplines 3 MD's (Internal Medicine Resident, Gynecologic Oncologist and a Neurologist); 2 PhD's (Nursing and Social Work); 1 PsyD; 1 DDS, including the first nursing student since the beginning of the program. The MSc has continually been successful in recruitment of multiple disciplines with a diversity of backgrounds working together to meet our goal of promoting collaboration across disciplines through training and career development. Phase I total recruitment during year's 2003- 2015 totals 82 Scholars (51 women and 31 men) with the following disciplines: 37 MD's; 20 PhD's; 15 DDS's/DMD's; 4 PsyD's; 2 EdD's; 1 DrPH; 1 PharmD and 2 Aud's. Four scholars withdrew from the program which shows a total retention rate of 95% (82/86). From the 82 Scholars, 17% (14/82) are still active (Scholars 2014 and 2015), 79% (54/68) have completed all the requirements for graduation and 21% (14/68) are pending graduation.

“HISPANICS-IN-RESEARCH CAPABILITY: SoHP & SoM Partnership (HiREC) Program. In 2008 NIH/NIMHD awarded a 15 million Endowment, known as **“HISPANICS-IN-RESEARCH CAPABILITY: SoHP & SoM Partnership, (HiREC), (grant number S21MD001830)**. The mission of HiREC is to expand and sustain high quality clinical and translational research training program and research infrastructure that will enhance minority health and increase health disparities research activities. As such, one of its priorities is to further strengthen and expand the post-doctoral Master of Science in Clinical & Translational Research (MSc) program. It has three main areas of emphasis to enhance and incentivize health professions and medicine disciplines to become independent clinical researchers 1) orientation, training and guidance in minority health and health disparities research, 2) mentoring and support of career development of junior minority faculty in health disparities research and 3) support of student research career immersion experiences in health disparities. To implement its priorities, HiREC works through a Strategic Plan consisting of nine permanent objectives, in which activities are structured for 4-5 years with annual work plans. An annual Evaluation Plan is in place where an assessment is carried out by an external evaluator and outcomes are shared with HiREC's leadership and advisory committees.

HiREC has sponsored the offering of 4 successful summits in health disparities and translational research with active participation of institutional programs, research and academic partners both in the mainland and in PR. A major outcome was the development of a new course: *Health Disparities: A Translational Research Approach* as a multidisciplinary & multi -institutional course. It is a 2 semester credits course, offered totally online and co-sponsored by the following NIMHD funded programs: UPR- MSc, PRCTR and RTRN. The course has been offered thru distance learning to candidates from the 18 RCMI institutions on four occasions: October – December 2012; April 2 - June 30, 2014; April 7- June 30, 2015 and January 11 – April 2016.

For the first time this year, a twenty-hours CBPR research certificate was offered to 40 Participants (February – April 2016). In addition, a Need assessment was completed to explore the interest of potential candidates and demand from employers to develop a Master of Science in Regulatory and Clinical Research Management. A curriculum committee has been formed and an academic proposal is under development. HiREC Phase III Award was created in May 2013 to provide support for graduates from MSc Phase II to advance their research career development. This Award is expected to facilitate clinical and translational team science by collaborating with a faculty member from another discipline. Three promising scholars have received this award.

In 2014, the 1rst two HiREC Visiting Endowed Chair were recognized by the Medical Sciences Campus's Administrative Board for their commitment and contribution in advancing the research capacity and infrastructure of our institution: Stefan Hofmann, PhD in Psychology, from Boston University and expert in culture and anxiety, and Walter Frontera, MD, PhD, expert in Physical Medicine and in Exercise Physiology from Vanderbilt School of Medicine. Another strategy utilized to expand and strengthen research capacity is the HiREC/MSc Phase I Awards. These were established in 2011 with the goal to provide support to promising candidates admitted to the MSc program that do not meet the NIH requirements of a maximum of 7 years of doctoral degree or academic appointment (as defined in the R25 MD 007607) to become an NIH Scholar. Another important activity of dissemination was the development of a *Workshop on Leadership & Teamwork: Developing Skills for Effective Communication in Multidisciplinary Teams* by MSc and HiREC leadership. It was successfully presented at two national Conferences: 2014 NIH-NIMHD 2014 International Symposium on Minority Health and Health Disparities – December 1, 2014, National Harbor, Maryland and at ACTS Translational Science 2015 – April 17, 2015, Washington DC. HiREC Endowment is an institutional and permanent funding with a defined mission; its multiple PI model have helped to establish collaborations and partnerships to maximize resources, expand and sustain research training, education and career development.

The IDeA Networks of Biomedical Research Excellence Program (INBRE) is sponsored by the National Institute of General Medical Sciences (NIGMS) at the National Institutes of Health (NIH) in Bethesda Maryland. The grant that supports this program in Puerto Rico was recently renewed for the 5-year period 2015-2020 (P20GM103474-14). The goal of the Puerto Rico-INBRE (PR-INBRE) Program is to augment and strengthen the biomedical research capacity in Puerto Rico (PR) based on 3 thematic focus areas: *Neuroscience, Molecular Medicine/Genomics, Drug Discovery and Development* with *Bioinformatics* as an overarching theme. The University of Puerto Rico Medical Sciences Campus (UPR-MSC) (with collaboration provided from the UPR Rio Piedras Campus) provides scientific leadership and logistical support for a 17-member PR-INBRE of graduate and undergraduate institutions in Puerto Rico. These institutions serve a total

of 89,712 full time students of Hispanic ethnicity, all pursuing Ph.D., M.S., and B.S. degrees in STEM and Biomedical disciplines.

To fulfill its goals the INBRE Program requested proposals from INBRE network investigators through multiple funding opportunity announcements that were disturbed this year. As of March 2016 the Program has awarded:

- 1) \$250,000 for alterations and renovations of research facilities;
- 2) \$408,571 for small instrumentation in research and teaching labs;
- 3) \$25,000 for investigators to conduct feasibility studies in INBRE Core Facilities;
- 4) \$1,050,000 for investigators of 17 Developmental Research Projects.

Through direct sponsorship as well as co-sponsorship of training seminars and specialized technical workshops, the Program has contributed to enhance the research skills of faculty and students at INBRE network institutions throughout Puerto Rico. In addition, 20 students have received salaried employment opportunities and mentored research experiences inside funded research labs, and many others have received travel support funds to present the results of their experiments at national scientific meetings.

UPR-Mayagüez - The Agricultural Experiment Station (EEA). The mission of the Agricultural Experiment Station is to conduct scientific research that promotes an economically viable agricultural sector, the conservation and enhancement of natural resources and the environment, and a better quality of life in rural and urban areas. Our research also supports industries that process agricultural raw materials, and provides the technological base required for solving problems affecting farmers, farming operations, public and private institutions, and rural development. The EEA was established as a private entity in 1910 by the Association of Sugar Producers of Puerto Rico. It consists of a series of substations acquired over the years throughout the island: Isabela (1928), Lajas (1944-6), Corozal (1949), Adjuntas (1952), Gurabo(1953), Fortuna (Juana Díaz) (1959), and Aguadilla (Finca Montaña). Originally it was a farm comprising 200 acres located on the exit of Río Piedras to Caguas, where research in sugarcane was conducted. Gradually, the EEA expanded its research program to include other economically important crops such as tobacco, coffee, citrus, farinaceous, grains, vegetables, pineapple, rice, fruits and livestock subsectors. Subsequently, other research areas were added, such as the study of soils and plant diseases, and the selection of native and introduced seeds. The EEA Library, founded in 1915, provides the technical information necessary to develop the agricultural research program.

In 1933, the EEA was transferred to the University of Puerto Rico and became eligible to join and participate in the extensive research program of the experiment station system of the United States. Upon this transfer, the State Government built new buildings and new farms were acquired through the Island to carry out research. Other units were created to develop and complete the research program of the EEA: the Museum of Entomology and Tropical Biodiversity (dating from 1910), the Rum Pilot Plant (1946-1990s), the Food Technology Laboratory (1957- 2000s), the Publications Office, the Central Analytical and Pesticide Laboratory, and the Statistics and Informatics Section.

Since 1968 the EEA is part of the College of Agricultural Sciences, Mayagüez Campus, which also includes the Faculty of Agricultural Sciences, the Agricultural Extension Service and the Office of International Programs in Agriculture. Through the integration of research, teaching, outreach and international programs the College of Agricultural Sciences contributes to the development of an efficient agriculture. The departments are the basic units of the EEA. Research projects are also structured under corresponding research programs and commodity areas. The departments, headquartered in Mayagüez, are: Crops and Agroenvironmental Sciences, Agricultural Economics and Rural Sociology, Animal Science, Agricultural and Biosystems Engineering, and Agricultural Education. The commodity areas are: Milk Production, Meat Production, Coffee, Farinaceous crops, Vegetables and Basic Grains, and Fruits. Current research programs are: Plant Production Systems, Genetic Resources and Breeding; Animal Systems; Integrated Management of New and Emerging Pests and Diseases; Climate Change, Natural Resources and Environment; Food Safety, Science and Technology; Community Resources for Sustainable Development, Agricultural Economics, Marketing and Added Value; and Sustainable Energy. UPR-Mayagüez - Sea Grant College Program. The University of Puerto Rico Sea Grant College Program is an educational program dedicated to the conservation and sustainable use of coastal and marine resources in Puerto Rico, the US Virgin Islands, and the Caribbean region. Our mission is twofold: (1) to fund scientific research in the thematic areas of conservation and the use of coastal and marine resources; (2) to offer marine extension services by making use of our experience and by applying the scientific knowledge that is generated through our research to the problems and issues that our community of users face every day. Since the beginning of the 1980's, Sea Grant has operated through the University of Puerto Rico, Mayagüez and Humacao Campuses. Sea Grant's work is based on collaborations with universities, industries, governmental agencies, and resource users. Our projects are carried out through research, education, and public service. The Sea Grant College Program has three components: Research, Education, and Outreach; all of which are supported by our Communications division.

UPR-Mayagüez - Puerto Rico Seismic Network (PRSN). The Puerto Rico Seismic Network (PRSN) is part of the Department of Geology of the University of Puerto Rico in Mayagüez since 1987. Its mission is to detect, process and investigate the seismic and tsunami activity in the region of Puerto Rico/Virgin Island and to report opportunely the results for purposes of public security, education, engineering and scientific research. The PRSN was set up originally in 1974 by the United States Geological Survey (USGS) for the Puerto Rico Electric Power Authority (PREPA). The principal objective of the network was to evaluate the local seismicity for the construction of the Aguirre and Islote nuclear power plants. These goals were accomplished in 1979. Between 1982 and 1987 the Seismic Network was operated by the Center for Energy and Environment Research. In 1987 the PRSN was transferred to the Department of Geology of the UPRM. In September 1991, the Seismic Data Acquisition System IASPEI was installed, it replaced the INTEL Magnetic Tape Data Acquisition System of the Lamont-Doherty Earth Observatory, University of Columbia. In addition to this one, in June 1992 the SOUFRIERE Data Acquisition System of the Seismic Research Unit of the University of the West Indies at Trinidad was installed. Both systems recorded seismic data continuously from the short period stations. In February 1997 data recording systems, as well as seismographs, were transferred to UPRM, making faster our response in felt event cases. Since September 1999, the PRSN has updated its Data Processing and Acquisition systems, along with analysis programs. Currently, the Seismic Network operates 28 seismic stations classified as short period and broadband + accelerometer depending on the type

of sensor used to register earthquakes, 12 GPS high rate stations; in addition the PRSN operates 10 tide gauges tsunami ready sea level instruments. These field remote stations are installed in Puerto Rico, US and British Virgin Islands and the Caribbean (Dominican Republic, Haiti and Aruba). The real time communication links are based on Internet, satellite and direct links.

UPR-Humacao - The objective of NSF PREM is to broaden participation and enhance research and education on diversity materials by stimulating the development of formal, long-term, multi-investigator, collaborative research and education partnerships between minority-serving colleges/universities and the NSF Division of Materials Research (DMR) supported centers, institutes, and/or facilities. The UPRH-PENN PREM award (NSF-DMR-0934195) is a Partnership for Research & Education in Materials (PREM) between the University of Puerto Rico (Humacao, Cayey and Río Piedras campuses) and the University of Pennsylvania (PENN) Materials Research Science & Engineering Center (MRSEC). This successful collaboration began in 1998 under the NSF CIRE program and has continued with PREM support since 2004. PREM research and education activities focus on the thrust areas: Materials for Nano-electronic Devices and Sensors and Mathematical Modeling and Simulations of Materials, each of them exemplifying the best of the partnership in terms of research productivity, student training, and integration of research and education. PREM is contributing to increase the number of minority and women students in materials research through a well-coordinated effort that begins with outreach activities for the community and which guides talented and motivated students from elementary to graduate school.

UPR-Cayey Institute of Interdisciplinary Research (IIR). Since its creation in 2000, the Institute of Interdisciplinary Research (IIR) (www.cayey.upr.edu/iii) has spearheaded competitive and novel research initiatives in this predominantly teaching, undergraduate institution. Faculty from all disciplines and academic areas are welcome, but most projects supported share a thematic focus in health, health disparities, education, social inequality, and the environment. The six overarching aims of the IIR are: 1) to promote interdisciplinary research; 2) to produce knowledge that is relevant to the country and to the UPR-C service region; 3) to facilitate research at UPR-C; 4) to promote research-informed curricular innovations; 5) to provide a supportive environment for researchers and students; and 6) to disseminate results of the research projects it sponsors. Accordingly, the IIR supports applied, interdisciplinary and regionally- based research projects, develops academic and professional development activities for faculty and students, sponsors research-based courses, and provides undergraduate students with research opportunities, especially as research assistants (RAs) under the supervision of a local research mentors at UPR-C. In 2004, the IIR received a Research Infrastructure for Minority Institutions (RIMI) Grant from the NIMHD. A Building Research Infrastructure and Capacity (BRIC) grant followed in 2010. These funds, combined with other external research grants from NSF; NEH; the Department of Natural Resources and others, resulted in increased faculty publications, grant submissions, and student participation in research, which lead many students to graduate programs. Students participating in research activities increased from 4 undergraduate RAs in 2004 to 109 RAs in 2013- 2014. Currently, 80% of all research grants submitted at UPR-C are from faculty affiliated to the IIR and its Programs. 67% of students who participate in IIR research activities are admitted to graduate programs. In fact, students who participate in IIR research activities accounts for more than 36% of all the students at UPR-C who are admitted into bio-medical or health science graduate programs.

UPR Governance

In compliance with the University Law, as amended by Law 13 of April 29, 2013, the **Governing Board** is composed of 13 members including two students and two tenured faculty members elected by their peers, the Secretary of Education (Ex-officio), and eight citizens designated by the Governor and confirmed by the Senate of Puerto Rico. The Governing Board is responsible for the direction, quality and integrity of the institution, the approval and update of its development plan and the oversight of its implementation and progress. It is also responsible for the approval of the budget recommended by the President, assisting in the development of resources to sustain and improve the institution, and the establishment of institutional policies and Bylaws.

The current members of the Board according to Certification No. 1 of August 21, 2014 are listed below.

Name	Occupation	Term Ends
Dr. Jorge L. Sánchez-Colón, President	Doctor in Medicine	April 29, 2020
Mr. Fernando Lloveras, Vice President	Attorney	April 29, 2022
Dr. Gloria Butron Castelli, Secretary	Professor	June 30, 2016
Dr. Carlos Pérez Díaz, Vice President	Doctor in Medicine	April 29, 2020
Mr. Rafael Escalera Rodríguez, Member	Attorney	April 29, 2022
Mr. Juan Acosta-Reboyras, Member	Attorney/Accountant	April 29, 2018
Dr. Juan B. Aponte-Vázquez, Member	Professor/Economist	April 29, 2018
Dr. Ana María García-Blanco, Member	Professor	April 29, 2018
Mr. Dennis Rivera, Member	Sindicalist	April 29, 2018
Mr. Rafael Román-Meléndez, Ex officio	Professor	Ex officio
Dr. Edgardo Resto Rodríguez	Professor	June 30, 2016
Mr. Christian Arvelo Forteza	Student/Graduate	June 30, 2016
Mr. Harold Soto Fortuño	Student/Undergraduate	June 30, 2016

Administration

The President, who is appointed by and responds to the Governing Board, has the responsibility of leading, coordinating and supervising the academic, administrative, and financial enterprise of the University. Each unit is headed by a Chancellor appointed by the Governing Board by recommendation of the President, with responsibilities similar to the President at campus level.

The Office of the President of the University of Puerto Rico is organized around the following main areas: 1) Academic Affairs; 2) Research and Technology; 3) Student Affairs; 4) Financial Affairs and Administration; 5) Infrastructure Developments; 6) Development and Alumni.

The Vice Presidency for Academic Affairs (VPA) enhances the UPR's ability to respond to new challenges resulting from the growth and development of academic programs and functions in the University multi-campus system. The main responsibilities of the VPA include: i) provide advice and assistance to the President in the determination of institutional development, planning, and policy, particularly in areas related to academic matters; ii) evaluate new programs and make recommendations to both the President and the Board; iii) assess established academic programs to

recommend changes and improvements; iv) formulate development plans, in collaboration with institutional units, to be submitted to the consideration of the President and the Board; and v) coordinate all activities related to accreditation and licensing of institutional units and the accreditation of particular schools and programs by the several accrediting and licensing agencies. The VPAA is also in charge of the maintenance of an institutional information system and research to facilitate planning and decision-making.

The responsibilities of the Vice Presidency for Student Affairs (VPSA) include: i) provide advice and assistance to the President in the determination of policy, particularly in areas related to student affairs; ii) coordinate undergraduate admissions for the system; iii) collaborate with the academic units in the development of student recruitment and support programs and co-curricular activities; iv) coordinate and articulate all matters pertaining student financial aids, grants, and loans.

The Office of the Vice President for Research and Technology (VPRT) was created to provide strategic planning and institutional support to the increasingly broad research enterprise at the UPR, promote its growth, and attend to the challenges presented by ever changing technologies. The responsibilities of the VPRT include: i) assist the President in the formulation, development and implementation of new initiatives and policies to promote research throughout the University; ii) evaluate and assess current research activities; iii) make recommendations for the advancement of the institutional research portfolio to the President and of the Board of Trustees; iv) stimulate and proactively assist in the identification of external funds to sponsor research at the University; and v) propose, create, review and implement policies related to institutional research endeavors. The Office of the Vice President for Research and Technology is also responsible for the evaluation and development of a system-wide technological infrastructure, the maintenance, expansion and continued support of the University's partnership with government entities in research and development efforts, as well as alliances with the private sector to attain long lasting productive collaborations.

The Office of Physical Development and Infrastructure enables the University to modernize the planning, development and construction of its physical facilities and infrastructure. It assists the President in: i) formulating, developing and implementing the Capital Improvements Plan; ii) formulating and implementing policy guidelines that govern said plan; iii) coordinating with the institutional units proper attention to their infrastructure needs and planning for these needs; and iv) projecting and financing capital improvements, in coordination with the Office of Finance.

With the creation of the Office for Alumni and Development, the University, for the first time, initiated a structured effort to seek alumni contributions and financial support from private sources in the community. It is in charge of planning and coordinating institutional efforts to seek contributions from the private sector, assisting in the development of the needed resources to perform such function, and improving the institution's communications and relationships with its alumni. The Office also provides support to all initiatives aimed at obtaining major gifts.

The Office of Finance oversees and controls the income and expenses of the consolidated University system and seeks to ensure that the operations are conducted within existing budget requirements and regulations. Its functions are fairly typical of similar offices in institutions of higher education, and include assisting and advising the President on all matters related to the

financial affairs of the University, as well as the formulation of institutional policy. Its functions also include the administration of the investments of University funds, including its endowment; the formulation of rules and regulations to address the diverse aspects of institutional fiscal affairs for the consideration of the President and the Board of Trustees; the provision of support to the finance offices of the institutional units; the design, implementation and maintenance of the accounting system of the University; the coordination of activities related with the issuance of bonds and securities; and the administration of the University insurance coverage, among other functions.

The Budget Office assists the President in the formulation of a consolidated budget for the University system for submission to the Board of Trustees. This Office implements budgetary regulations and policies, provides advice and support to the budget offices, reviews the budgets proposed by the Chancellors to attend to the needs of their units, and makes recommendations to the President with respect to them. The Budget Office also prepares studies and projections regarding the University's budgetary needs and use of its funds, and oversees the implementation of the budget.

President and Senior Staff

On November 25, 2013, following the appropriate and consultation process, the Governing Board appointed Dr. Uroyoán R. Walker-Ramos President of the University of Puerto Rico. He had occupied a number of academic-administrative positions, among them, Academic Senator for the College of Arts and Sciences, Faculty Representative to the UPR University Board, Professor, Associate Chair of Mathematics, Graduate Program Coordinator, Associate Dean of Administration, Special Assistant to the Chancellor for Infrastructure Affairs of the Mayaguez Campus. He also served as Faculty Representative to the UPR Governing Board.

Dr. Delia M. Camacho-Feliciano is a professor at the Medical Sciences Campus of the University of Puerto Rico. She was appointed Vice President for Academic Affairs of the University in January 2014, having served as Acting Vice President since September 2013. She has a BS and MS in Biology and a PhD in Physiology from the University of Puerto Rico. With over 35 years of experience in academics, she has occupied a number of academic-administrative positions, among them, department chair, assistant dean for research, associate dean for academic affairs, and dean for academic affairs of the Medical Sciences Campus (MSC). She is a faculty member of the MSCH School of Health Professions Postdoctoral Master Degree in Clinical and Translational Research and is founder of the campus Women's Health Center, a US DHHS National Center of Excellence in Women's Health. As director of the Center since 1996, she has been successful in attaining external funding for health professional and community education, research development and health services in women's health. Dr. Camacho has vast experience and scholarship in teaching, research development, service, and academic administration.

Dr. José A. Lasalde-Dominicci was appointed Vice President for Research and Technology on October 15, 2010. He received his Bachelor's Degree in 1983 and his Ph.D. in 1988 in Chemistry from the University of Puerto Rico, Río Piedras Campus. He obtained a postdoctoral training in Biophysics at the Institute of Neurobiology of the University of Puerto Rico (1989-1991) and the Department of Biochemistry and Biophysics at University of California-Davis (1992-1994). Prior

to his current appointment at UPR in 1997, Dr. Lasalde-Dominicci held the position of Associate Biochemist at the Division of Molecular Sciences of the University of California-Davis (1994-1996). He established his laboratory at the University of Puerto Rico in 1997 (www.nachrs.org) and presently holds adjunct positions at the Departments of Comparative Medicine and the Institute of Neurobiology of the Medical Science Campus. He is the Director of the Confocal Imaging Facility at the UPR Río Piedras campus (www.cif.upr.org) since 1991 and the Scientific Director of the NeuroAids SNRP program (<http://snrp.rcm.upr.edu/investig.html>) at the Medical Science Campus. He has published over forty-five original research articles and book chapters.

Dr. Margarita-Villamil-Torres was appointed Vice President for Student Affairs in January 2014. She has a Doctorate in Education in Counseling and Guidance from the Interamerican University of Puerto Rico. She has occupied a number of academic-administrative positions in UPR Ponce Campus such as Interim Chancellor, Interim Dean of Students, Director for the Department of Counseling and Guidance, Professional Councilor, Student Ombudsperson, among others.

Mr. Norberto González was appointed Finance Director of the UPR in August 2015. Previously he worked from 2003 to 2014 in Oriental Financial Group (now OFG Bancorp.) where he served as Executive Vice President, Chief Financial Officer and Chief Risk Officer. From 1998 to 2003, he was Executive Vice President and Risk Management Director of Banco Bilbao Vizcaya Argentaria Puerto Rico (BBVAPR). He was Senior Vice President of Credit Administration of PonceBank (a publicly held financial institution acquired by BBVAPR in 1998) from 1992 to 1998. He started his professional career at Peat Marwick Mitchell & Co. (now KPMG LLP), where he worked from 1980 to 1992, becoming a Senior Manager specializing in audit and consulting services to financial institutions. Mr. González graduated magna cum laude in 1980 from the University of Puerto Rico, where he obtained a bachelor's degree in Business Administration with a major in Accounting. In 2001, he earned a Juris Doctor from the University of Puerto Rico's School of Law. He is member of the Puerto Rico Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

Mr. Fernando E. Pla Gómez was appointed Director of the Office of Physical Development and Infrastructure on January of 2014. Mr. Pla holds a Bachelor's of Architecture Degree from the University of Houston (1989). He has held various positions within the University of Puerto Rico system including Architect and sub director of the Buildings and Grounds Department for the Mayaguez campus, Design and Project Coordinator for Central Administration and most recently director of the Office of Planning and Physical Development for the Rio Piedras campus.

Mrs. Erika M. Díaz was appointed Director of Human Resources in Central Administration, on February 18, 2014. Her prior public service experiences includes Human Resources Analyst III in the Central Administration of the Health Department. She holds a Bachelor degree in Business Administration in Human Resources from University of Puerto Rico. Also, had 21 approved credits of a Master Degree in Labor Relations at the Interamerican University of Puerto Rico.

Mrs. Cristina Alcaraz Emmanuelli has been the Director of the Office of Legal Affairs of the University of Puerto Rico, Central Administration, since December 10, 2013. She holds a JD from the Pontifical Catholic University of Puerto Rico. She is admitted to the Puerto Rico Supreme Court, US District Court of Puerto Rico and the United States Court of Appeals: Mrs. Alcaraz

worked at Cancio, Nadal, Rivera, Díaz & Berrios from 2000 to 2002 and from 2002 to 2006 in Gallart Law Firm. She also worked at Fernández & Alcaraz, PSC from 2006 to 2013.

Mr. Basilio Rivera was appointed as Acting Budget Director in May 2013 through December 2013. In January 2014, the President of the University of Puerto Rico confirmed him in the same position. He was Acting Finance Director of the University of Puerto Rico in May 2013 through mid-October 2013. He received a Bachelor's Degree in Business Administration from the University of Puerto Rico, and has 31 years of experience in higher education administration responsibilities such as Internal Auditor, Administration Dean, Finance Director, and Planning and Budget Director in Río Piedras Campus.

Faculty and Staff

The following table summarizes the academic credentials of the UPR faculty for the past five years:

Faculty

Degree	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Doctorate	2,825	2,577	2,741	2,671	3,069
Master	1,002	1,789	1,322	1,583	1,729
Bachelor	265	251	122	53	119
Other	300	529	691	37	240
Total	4,392	5,146	4,876	4,344	5,157

Admission Requirements and Academic Standards

The UPR has consistently sought to attract and maintain a high-quality student body by means of competitive admission, retention, and graduation standards and criteria. In addition, the UPR has recently revised its recruitment strategies to aggressively promote its curricular offerings to prospective qualified candidates. Admission and academic counselors have significantly increased their high school visits; exhibits have been placed at large shopping malls; regional orientation meetings for high school advisors have been organized; and surveys are being conducted in high schools across the Island to assess the profile of prospective students.

Admission Requirements: Candidates for admission to the freshman class must have a high school diploma or its equivalent from an educational institution duly recognized by the Puerto Rico Council of Education. The admission is determined by a system wide formula on the basis of student learning analysis and institutional assessment data to continuously refine its predictability and to reduce attrition, boost enrollment, and increase overall student success that includes both the candidate's score on an entrance examination and his/her high school academic grade point average. During the last year the average admission index score of students accepted by the UPR has fluctuated.

Academic Standards: Each student at the UPR must maintain the minimum grade point average required by institutional units and academic programs. In the event that such average falls below the minimum required, the student is placed on probation for one year. During this time he/she receives special assistance to improve his/her academic performance. Students who do not achieve the required grade point average at the end of the probation period are suspended. As part of the system-wide external accreditation and internal evaluation initiatives, academic programs have also designed and implemented their own assessment plans to monitor student learning outcomes and put in place proper unit intervention measures in specific assessment points.

Graduation Requirements: In order to receive a degree from the UPR, students must, within the limits established by their institutional units, complete the specified requirements with a grade point average of not less than 2.0.

DEGREES GRANTED
Academic Year

<u>Degree</u>	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Associate	611	571	428	464	463
Bachelor	6,409	7,208	7,065	6,967	6,746
Undergraduate and Graduate Certificates	157	60	58	87	69
Master	617	755	712	754	675
Doctorate	261	137	114	126	138
First Professional ¹	254	377	366	424	352
Total	8,309	9,108	8,743	8,822	8,443

¹ First professional level includes degrees in Law, Medicine and Dental Medicine.

For academic year 2014-2015 the student body of the University consisted of approximately 57,571 students. The following table shows historical student enrollment at the UPR. For the past five academic years a freshman admission carrying capacity aligned with the available resources has been set by each unit to safeguard institutional commitment with both freshman and active student.

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Undergraduate	55,425	50,449	50,983	51,325	51,407
Graduate	6,364	6,210	5,960	5,996	6,164
Total	61,789	56,659	56,943	57,321	57,571
Full-time equivalency²	55,235	51,115	54,681	54,812	55,028

² Based on a course load of 24 credits per academic year.

Tuition and Other Fees

In most units the academic year is divided into two semesters (mid-August to mid-December and mid-January to mid-May) and a shorter summer session (early June to late July). UPR-Carolina divides its academic year into quarters.

UPR tuition is among the lowest in the nation, accounting for less than 10% of its revenues. In accordance with a 4% annual increase per incoming class established in Certification No. 60 (2006-2007) of the Board of Trustees, tuition has increased from \$45 per undergraduate credit hour in 2007 to \$55 in 2015 and from \$113 per graduate credit hour in 2007 to \$137 in 2015. Each cohort is guaranteed the same tuition rate for a period of 150% the time required for degree completion.

The following are the tuition and fees for residents of Puerto Rico for academic year 2014-2015:

	<u>First Semester</u>	<u>Second Semester</u>
Tuition fees per credit:		
▪ Technical programs or associates degrees	\$55	\$55
▪ Undergraduate students	55	55
▪ Graduate students		
- Graduate programs (including Law School)	137	137
- Industrial Pharmacy	165	165
Student fees:		
▪ Maintenance fee (all students)	47	47
▪ Laboratory fee (per lab)	33	33
▪ Technology fee (all students)	25	25
Medical fees:		
▪ Basic Medical Plan		
- All students-first semester includes summer session	394	552
- Summer session-student not studying during previous second semester	158	n/a
▪ Medical Plan, including pharmacy:		
- All students-first semester includes summer session	945	1,324
- Summer session-student not studying during previous second semester	373	n/a
Miscellaneous fees:		
▪ Graduation fee (payable only in the last semester)	27	27
▪ Late registration fees	13	13
▪ Transfer petition fee	20	20

Full-time undergraduate students (12 credits) pay approximately \$831 per semester for tuition and fees.

TUITION AND OTHER FEES---MEDICAL SCHOOL AND DENTAL SCHOOL

	Per Academic Year
Tuition	\$9,101
Medical service fee	823
Medical service fee (including drug coverage)	1,976
Laboratory fee (per lab)	33
Graduation fee (payable in the last semester)	27
Maintenance fee (all students)	141

Nonresident Students

Nonresident students that are US citizens pay a tuition fee equivalent to what a nonresident student would pay in his/her State. Nonresident students that are not US citizens pay an additional fee.

HIGHER EDUCATION IN PUERTO RICO

During the past four decades, Puerto Rico has made significant advances in higher education, both at the undergraduate and graduate levels. The transformation of Puerto Rico during the 1950s and 1960s from an agricultural economy to an industrial economy brought about an increased demand for education at all levels. Since 1970, the manufacturing sector has attracted high technology industries to Puerto Rico. More recently, service sector employment has increased significantly. This has resulted in an increased demand for personnel having a higher level of education in general and greater expertise in various technical fields in particular. During the same time period, enrollment in institutions of higher learning has risen very rapidly. Although the growth in college age population has slowed-down due mainly to demographic factors, the increasing proportion of college attendance by the college age population and adults returning to college for advanced training, retraining or to obtain degrees has stabilized the enrollment levels.

The following table presents college enrollment figures for Puerto Rico and the United States:

Year	PUERTO RICO AND UNITED STATES COLLEGE ENROLLMENT			United States		
	Puerto Rico	Population 18-24 Years of Age	Higher Education Enrollment	Percent	Population 18-24 Years of Age	Higher Education Enrollment
1970	341,448	57,340	16.8%	23,714,000	8,580,887	36.2%
1980	397,839	130,105	32.7%	30,022,000	12,096,895	40.3%
1990	417,636	156,147	37.4%	26,961,000	13,621,000	50.5%
2000	428,892	176,015	41.0%	27,143,455	15,312,000	56.4%
2004	416,020	206,791	49.7%	29,245,102	17,095,000	58.4%
2008	399,358	227,546	57.0%	30,194,274	19,102,814	63.3%
2009	408,631	235,618	57.7%	30,530,346	20,427,711	66.9%
2010	375,175	249,372	66.5%	30,672,088	21,016,000	68.5%
2011	385,496	250,192	64.9%	31,064,709	20,994,000	67.5%
2012	376,443	250,011	66.4%	31,359,915	21,253,000	67.7%
2013	369,165	245,495	66.5%	31,534,166	21,485,000	68.1%
2014	361,611	241,168	66.7%	31,464,158	21,731,000	69.1%
2015	354,714	N/A	N/A	31,981,173	21,941,000	68.6%

Sources: United States Census Bureau (Mainland United States Population), United States National Center for Education Statistics, Planning Board (Puerto Rico Population) and Puerto Rico Council on Higher Education.

In addition to the UPR, there are 88 public and private institutions of higher education in Puerto Rico. Such institutions have a current enrollment of approximately 240,000 students and provide programs of study in liberal arts, education, business, natural sciences, technology, office systems and computer sciences, nursing, medicine and law. They offer post-secondary certificates and degrees at the associate, bachelor, master and doctoral levels.

The following table presents data on higher education enrollment in Puerto Rico for the ten academic years ended 2014-2015.

HIGHER EDUCATION ENROLLMENT IN PUERTO RICO

Academic Year	Total Enrollment	Enrollment in University of Puerto Rico	Enrollment in Other Institutions of Higher Education
2005-2006	209,547	64,471	145,076
2006-2007	225,392	62,292	163,100
2007-2008	227,546	63,682	163,864
2008-2009	235,618	65,671	169,947
2009-2010	249,372	65,699	183,673
2010-2011	250,192	62,342	187,850
2011-2012	250,011	57,165	192,846
2012-2013	245,495	57,482	189,196
2013-2014	241,168	57,726	183,442
2014-2015	240,878	57,571	178,353

Source: Puerto Rico Council on Higher Education.

Puerto Rico Education Council

The Puerto Rico Education Council Reorganization Plan, Reorganization Plan No. 1 of July 26, 2010, consolidated the Puerto Rico Higher Education Council and the Puerto Rico General Education Council into the Puerto Rico Education Council. The Council is responsible for the promotion of higher education in Puerto Rico. More specifically, the Council is charged with the establishment of information systems and the design of evaluation models and indicators of use for the planning of higher education. It is also responsible for accreditation and licensing of institutions and programs of higher learning in Puerto Rico, including the UPR, the management of certain Commonwealth, federal and private funds allocated to support higher education programs, and the promotion of continuing professional education programs.

DEBT

The following table sets forth the principal balance outstanding of the University's long-term debt obligations, including a capital lease obligation with Desarrollos Universitarios, Inc. ("DUI"), a blended component unit of the University, as of June 30, 2015 and 2014:

	As of June 30,	
	2015	2014
	(In thousands)	
Publicly Offered Revenue Bonds (1)	\$ 451,760	\$ 470,775
Capital Lease Obligation with DUI (2)	59,833	61,043
Lines of Credit and Others (3)	<u>83,336</u>	<u>88,024</u>
Total Long-term Debt Obligations	<u>\$ 594,929</u>	<u>\$ 619,842</u>

- (1) The University issued revenue bonds designated as "University System Revenue Bonds", the proceeds of which were used mainly to finance new activities in connection with its educational facilities construction program and to cancel and refinance previous debts incurred. These bonds are currently rated "Ca" by Moody's Investors Service (Moody's) and "CC" by Standard & Poor's Ratings Services (S&P).
- (2) Obligation of the University under a financing lease with DUI regarding a dormitory administrative office complex called Plaza Universitaria. The University will make basic lease payments, payable monthly, in amounts sufficient to pay the debt service payments of the DUI's AFICA bonds which principal balance amounted to \$68,675,000 and \$70,750,000 at June 30, 2015 and 2014, respectively. The DUI's AFICA Bonds were principally issued to finance the development, construction and equipment of Plaza Universitaria and are insured by a financial guaranty insurance policy and by the assignment of the lease agreement with the University. The DUI's AFICA bonds are currently rated "Ca" by Moody's and "CC" by S&P. The University's obligations under said lease are subordinated to its obligations on the University's Bonds.
- (2) In October 2010, the University obtained a \$125 million line of credit with the Government Development Bank of Puerto Rico (GDB) for working capital purposes. In October 2011, this line was converted into a ten-year term loan. The balance outstanding under this line of credit amounted to \$54,526,000 at June 30, 2015 and \$71,927,000 at June 30, 2014. The University also obtained a \$75 million line of credit with the GDB for capital projects which amounted to \$27,901,000 and \$23,394,000 at June 30, 2015 and 2014, respectively. This line of credit expired in January 2016. In addition, the University entered into two term loans with a commercial bank for the acquisition of medical equipment which principal balance amounted to \$909,000 and \$1,422,000 at June 30, 2015 and 2014, respectively.

PRINCIPAL AND INTEREST REQUIREMENTS

Principal and Interest Requirements as defined in the Trust Agreement means, for any fiscal year, the sum of the amounts required to pay (a) the interest on all University bonds which is payable on December 1 and June 1 in such fiscal year, (b) the principal of the serial bonds payable on June 1 in such fiscal year, and (c) the amortization requirement for the term bonds in such fiscal year, less payments under any debt service grant program of the United States Government or any agency thereof.

Outstanding Bonds 2006 Bonds (Series P-Q)

Fiscal Year Ending 30-Jun	Principal	Interest	Total Debt Service Requirements	Aggregate Debt Service Requirements
2016	19,970,000	22,588,000	42,558,000	42,558,000
2017	20,965,000	21,589,500	42,554,500	42,554,500
2018	22,010,000	20,541,250	42,551,250	42,551,250
2019	23,115,000	19,440,750	42,555,750	42,555,750
2020	24,270,000	18,285,000	42,555,000	42,555,000
2021	25,480,000	17,071,500	42,551,500	42,551,500
2022	26,760,000	15,797,500	42,557,500	42,557,500
2023	28,095,000	14,459,500	42,554,500	42,554,500
2024	29,505,000	13,054,750	42,559,750	42,559,750
2025	30,975,000	11,579,500	42,554,500	42,554,500
2026	20,555,000	10,030,750	30,585,750	30,585,750
2027	21,585,000	9,003,000	30,588,000	30,588,000
2028	22,660,000	7,923,750	30,583,750	30,583,750
2029	23,790,000	6,790,750	30,580,750	30,580,750
2030	24,985,000	5,601,250	30,586,250	30,586,250
2031	12,795,000	4,352,000	17,147,000	17,147,000
2032	13,435,000	3,712,250	17,147,250	17,147,250
2033	14,110,000	3,040,500	17,150,500	17,150,500
2034	14,815,000	2,335,000	17,150,000	17,150,000
2035	15,555,000	1,594,250	17,149,250	17,149,250
2036	16,330,000	816,500	17,146,500	17,146,500
	<u>\$ 451,760,000</u>	<u>\$ 229,607,250</u>	<u>681,367,250</u>	<u>681,367,250</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Historical

The following discussion presents an overview of the financial position and financial activities of the University of Puerto Rico systems.

The accounting and reporting policies of the University conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities. The Governmental Accounting Standards Board (“GASB”) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the University’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position and cash flows.

For financial reporting purposes, the University is considered a special purpose governmental agency engaged only in business type activities, as defined by GASB Statement No. 35, *Basic Financial Statements-and Management’s Discussion and Analysis-for Public Colleges and Universities*. Accordingly, the University’s financial statements have been presented using the

economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant transactions related to internal service activities such as publications, and institutional computing, as well as, interfund receivable and payable balances and transactions, have been eliminated where appropriate.

The predominant source of revenues is Commonwealth appropriations in accordance with the provisions of Act No. 2 of 1966. See "COMMONWEALTH SUPPORT OF THE UNIVERSITY." Other important revenue sources are student tuition and fees. The UPR receives Commonwealth and federal grants or appropriations for scholarships and other student aid programs.

Educational and general expenditures are mainly for faculty, administrative and other personnel salaries, expenditures for maintenance, materials and supplies and investment in plant.

In fiscal year 2015, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pension - an Amendment of GASB Statement No. 27* (GASB Statement No. 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* (GASB Statement No. 71). GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements (pension trusts). GASB Statement No. 71 amends GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

At transition, the noncash impact of GASB Statement No. 68 and GASB Statement No. 71 decreased the net position as of July 1, 2014 by \$2.24 billion, derecognized the prepaid pension asset previously recorded under GASB Statement No. 27 by \$92.5 million, recognized a deferred outflows of resources for the pension plan employer's contributions made after June 30, 2013 of \$91.7 million (as required by GASB Statement No. 71) and recognized a net pension liability of \$2.24 billion (as required by GASB Statement No. 68). At transition, the effect of deferred outflows and inflows of resources from other pension activities as required by GASB Statement No. 68 was not included because it was impracticable to determine them.

Going Concern

The financial statements will include a note regarding the University's financial risks and uncertainties, including liquidity risk, which is the risk of not having sufficient liquid financial resources to meet obligations when they come due. The severity of these risks and uncertainties facing the University together with other factors, have led the University's management to conclude that there is substantial doubt as to the ability of the University to continue as a going concern.

The following tables present, for each of the five fiscal years ended June 30, 2015, the Statements of Revenues, Expenses and Changes in Net Position of the University of Puerto Rico. It excludes its blended component unit and it's discretely presented component units. This information was obtained from 2015 preliminary financial statements, and previous years audited financial statements. The 2015 fiscal year financial information presented below is unaudited and preliminary and is subject to change. The University's audited financial statements for the fiscal year ended June 30, 2015, will be submitted as soon as available.

Historical Statements of Revenues, Expenses and Charges in Net Position

	2015	2014
	(In thousands)	(As Previously Reported)
Revenues		
Operating revenues:		
Tuitions and fees, net	\$ 47,215	\$ 47,974
Net patient services revenues and other, net	57,765	67,698
Federal grants and contracts), net	95,741	94,024
Commonwealth grants and contracts , net	19,662	20,896
Nongovernmental grants and contracts , net	7,539	10,415
Sales and services of educational departments	12,321	11,096
Auxiliary enterprises,net	2,032	2,714
Other operating revenues	17,908	8,944
Total operating revenues	260,183	263,761
Operating expenses:		
Salaries:		
Faculty	356,858	360,541
Exempt staff	253,242	266,992
Nonexempt wages	622	658
Benefits	211,459	244,575
Scholarships and fellowships	185,442	183,171
Supplies and other services	149,558	152,367
Utilities	47,847	56,326
Depreciation and amortization	44,715	46,499
Other expenses	16,595	19,793
Total operating expenses	1,266,338	1,330,922
Operating loss	(1,006,155)	(1,067,161)
Nonoperating revenues (expenses):		
Commonwealth and other appropriations	937,357	938,117
Federal Pell Grant program	167,213	162,035
Gifts	11,259	11,190
Net investment income	3,115	9,470
Interest on capital assets - related debt	(24,427)	(24,894)
Interest on notes payable	(3,497)	(4,036)
Other nonoperating revenues (expenses), net	25	(199)
Net nonoperating revenues	1,091,045	1,091,683
Income before other revenues	84,890	24,522
Capital appropriations	2,266	5,091
Additions to term and permanent endowments	6	40
Transfers in	660	563
Change in net position	87,822	30,216
Net position:		
Beginning of year, as previously reported	525,130	494,914
Cumulative effect of change in accounting for pension costs	(2,237,359)	-
End of year	<u>\$ (1,624,407)</u>	<u>\$ 525,130</u>

Historical Statements of Revenues, Expenses and Changes in Net Position (continued)

	2013	2012	2011			
	(In thousands)					
Revenues						
Operating revenues:						
Tuitions and fees, net	\$ 67,794	\$ 72,475	\$ 73,451			
Net patient services revenue and other, net	65,478	86,819	71,466			
Federal grants and contracts, net	109,124	125,037	134,210			
Commonwealth grants and contracts, net	20,789	49,129	27,337			
Nongovernmental grants and contracts, net	8,423	13,823	15,106			
Sales and services of educational departments	11,871	11,620	8,991			
Auxiliary enterprises, net	1,348	2,986	3,001			
Other operating revenues	14,580	8,128	20,775			
Total operating revenues	299,407	370,017	354,337			
Operating expenses:						
Salaries:						
Faculty	341,884	342,327	345,849			
Exempt staff	258,274	263,976	275,399			
Nonexempt wages	741	812	733			
Benefits	253,761	220,640	238,098			
Scholarships and fellowships	184,484	203,959	215,204			
Supplies and other services	158,947	164,710	155,973			
Utilities	54,255	58,027	50,589			
Depreciation and amortization	49,527	46,473	43,921			
Other expenses	21,721	20,448	24,871			
Total operating expenses	1,323,594	1,321,372	1,350,637			
Operating loss	(1,024,187)	(951,355)	(996,300)			
Nonoperating revenues (expenses):						
Commonwealth and other appropriations	902,040	834,097	839,372			
Federal Pell Grant program	161,651	174,139	179,160			
Federal ARRA program	-	-	15,000			
Gifts	8,889	12,167	15,666			
Net investment income	3,886	2,382	2,568			
Interest on capital assets - related debt	(26,604)	(23,182)	(13,533)			
Interest on notes payable	(4,219)	(4,570)	(1,787)			
Other nonoperating revenues (expenses), net	(1,266)	173	1,357			
Net nonoperating revenues	1,044,377	995,206	1,037,803			
Income before other revenues	20,190	43,851	41,503			
Capital appropriations	5,219	465	5,580			
Additions to term and permanent endowments	2,054	1,817	11,044			
Transfers in	628	465	134			
Change in net position	28,091	46,598	58,261			
Net position:						
Beginning of year	466,823	420,225	361,964			
End of year	\$ 494,914	\$ 466,823	\$ 420,225			

Statements of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents information on how the University's net position changed during the reporting periods. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The purpose of this statement is to present the revenues earned, both operating and nonoperating and the expenses paid and accrued and any other revenues, expenses, gains and losses earned or spent by the University during the reporting periods.

Generally, operating revenues are used to provide goods and services to the various customers and constituencies of the University (i.e. activities that have the characteristics of exchange transactions) such as student tuition and fees, net of scholarship discounts and allowances; sales and services of auxiliary enterprises, net of scholarship allowances; most federal, state and local grants and contracts; and, hospital patient service revenues, net of allowances for contractual adjustments and doubtful accounts. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided (i.e. activities that have the characteristics of non-exchange transactions) such as gifts and contributions, Federal Pell Grants and other revenue sources that are defined as nonoperating revenues, such as state appropriations, investment income and gifts. Gifts to the endowment fund are classified as other nonoperating revenues.

Appropriations from the Commonwealth are the principal source of revenues of the University and are supported by Act No. 2 of January 20, 1966, as amended. Under said Act, the Commonwealth appropriates for the University an amount equal to 9.60% of the average total amount of annual general funds revenues collected under the laws of the Commonwealth in the two fiscal years immediately preceding the current fiscal year. In addition, the Commonwealth has appropriated amounts for general current obligations, for capital improvement programs, and for loans and financial assistance to students.

Approximately 90% of the operating revenues and non-operating revenues of the UPR are Commonwealth and Federal appropriations, grants and contracts. The remainder consists primarily of tuition and fees and patient services. Salaries and benefits represent approximately 65% of the University's operating expenses. The University's expenses are presented using natural expense classifications.

Management Discussion and Analysis

Changes in Net Position for the Year Ended June 30, 2015:

Total operating revenues amounted to \$260.1 million and \$263.8 million for the years ended June 30, 2015 and 2014, respectively, a decrease of \$3.6 million or 1% in 2015. The changes in operating revenues mainly resulted from the changes in tuitions and fees, in governmental grants and contracts and in patient services revenues.

Tuitions and fees decreased by approximately \$759,000 or 2%, from \$48.0 million in 2014 to \$47.2 million in 2015, mainly as a result of a slight decrease in the tuition gross income and an

increase in the scholarship allowances, which effects were partially offset by a decrease in the provision for doubtful accounts. Scholarship allowances increased by \$2.5 million or 5%, from \$48.6 million in 2014 to \$51.1 million in 2015, as a result of the increase in eligible participants. The provision for doubtful accounts decreased by \$3.0 million in 2015, from \$3.8 million in 2014 to \$735,000 in 2015. In 2014, the allowance for doubtful accounts was increased as a result of the aging deterioration of these accounts. For fiscal year 2015, the student body of the University consisted of 57,571 students, an increase of 250 students when compared with 57,321 students for fiscal year 2014.

The University tuition is among the lowest in Puerto Rico and in the United States of America. In accordance with a Board of Trustees Resolution, tuition cost per credit was increased 4% annually per incoming class from academic year 2007-2008 to academic year 2012-2013. On July 30, 2013, the Governing Board of the University declared a moratorium period of one year to the 4% annual increase per incoming class in the tuition cost per credit. This moratorium period was extended for academic years 2014-2015 and 2015-2016.

In 2015, revenues from governmental grants and contracts decreased by approximately \$483,000, from \$114.9 million in 2014 to \$115.4 million in 2015. The increase in 2015 mainly resulted from a decrease of \$17.1 million in the provision for doubtful accounts, which effect was partially offset by a decrease of \$16.6 million in revenues from these grants and contracts, principally from Commonwealth grants and contracts.

Patient services revenue amounted to \$57.8 million and \$67.7 million for the years ended June 30, 2015 and 2014, respectively, a decrease of \$9.9 million or 15% in 2015. Patient service revenue depends on medical services, including laboratories, rendered by the University's Medical Sciences Campus faculty members. Also, the provision for doubtful accounts increased by approximately \$812,000 in 2015, as a result of the aging deterioration of these accounts.

Total non-operating revenues, which remained flat when compared with prior year balance, amounted to \$1.09 billion for the years ended June 30, 2015 and 2014.

The Commonwealth and other appropriations amounted to \$937.4 million and \$938.1 million for the years ended June 30, 2015 and 2014, respectively, a slight decrease of approximately \$760,000 in 2015.

Appropriations from the Commonwealth are the principal source of revenues of the University and are mainly supported by Act No. 2 of January 20, 1966, as amended. Under the Act, the Commonwealth appropriates for the University an amount equal to 9.60% of the average total amount of annual general fund revenues collected under the laws of the Commonwealth in the two fiscal years immediately preceding the current fiscal year (the Commonwealth formula appropriations). The Commonwealth formula appropriations amounted to \$833.9 million for the years ended June 30, 2015 and 2014. On June 17, 2014, the Legislature of the Commonwealth enacted Act No. 66-2014 (the "Fiscal Sustainability Act"). The Fiscal Sustainability Act is a temporary fiscal emergency law designed to address the fiscal condition of the Commonwealth. Among other things, the Fiscal Sustainability Act freezes the benefit under the formula-based appropriation of the University to the amount appropriated for fiscal year ended June 30, 2014.

The Fiscal Sustainability Act will remain in effect for three fiscal years ending on June 30, 2017, or earlier if certain parameters are met.

In addition, the Commonwealth has appropriated amounts for general current obligations, for capital improvement programs, and for loans and financial assistance to students. These Commonwealth appropriations amounted to \$39.9 million and \$39.7 million for the years ended June 30, 2015 and 2014, respectively, a slight increase of \$153,000 in 2015.

Appropriations from the Commonwealth also include unremitted distributions of income received by the University from the Puerto Rico Tourism Company (“PRTC”), a component unit of the Commonwealth, under the Gambling Law (slot machines and others) by virtue of Act No. 36 of 2005 which are payable upon demand. PRTC appropriations for the years ended June 30, 2015 and 2014 amounted to \$63.5 million and \$64.4 million, respectively, a decrease of \$913,000 or 1% in 2015.

Federal Pell Grant program revenues amounted to \$167.2 million and \$162.0 million in 2015 and 2014, respectively, an increase of \$5.2 million or 3% in 2015. The increase in 2015 was mainly due to the increase in the number of eligible participants.

Capital appropriations amounted to \$2.3 million in 2015 and \$5.1 million in 2014, a decrease of \$2.8 million in 2015. The decrease in 2015 mainly related to lower capital contributions received from federal agencies.

Total operating expenses amounted to \$1.27 billion and \$1.33 billion for the years ended June 30, 2015 and 2014, respectively, a decrease of \$64.6 million or 5%. Operating expenses decreased in 2015 mainly as result of lower salaries and benefit expenses.

Salaries and benefits, the most significant component of operating expenses, amounted to \$822.2 million and \$872.8 million for the years ended June 30, 2015 and 2014, respectively, a decrease of \$50.6 million or 6% in 2015.

Salaries amounted to \$610.7 million in 2015 and \$628.2 million in 2014, a decrease of \$17.5 million or 3% in 2015. Salaries decreased in 2015 in faculty personnel by \$3.7 million, mainly as a result of the liquidation of the excess of accumulated sick leave of \$4.4 million paid in 2014, and in exempt staff salaries which decreased by \$13.7 million, mainly as a result of the liquidation of the excess of accumulated sick leave and other compensations of \$8.1 million paid in 2014 and a reduction of about 165 positions of retired employees and of employees under contracted services.

Benefits amounted to \$ 211.5 million in 2015 and \$244.6 million in 2014, a decrease of \$33.1 million or 14% in 2015. The decrease in 2015 mainly resulted from the reduction in the accrued sick leave and other accrued benefits liabilities of \$23.2 million for employees’ utilizations and the decrease in the pension cost of \$9.5 million, which effects were partially offset by an increase in the medical plan insurance costs of \$2.4 million.

Scholarships and fellowships amounted to \$185.4 million and \$183.2 million for the years ended June 30, 2015 and 2014, respectively, an increase of \$2.2 million or 1% in 2015. The increases in

2015 resulted from an increase in the number of eligible participants in the Federal Pell Grant program.

Supplies and other services and utilities amounted to \$197.4 million and \$208.7 million for the years ended June 30, 2015 and 2014, respectively, a decrease of \$11.3 million or 5% in 2015. The decrease in 2015 mainly resulted from the utilities (electricity and water) which amounted to \$47.8 million and \$56.3 million for the years ended June 30, 2015 and 2014, respectively, a decrease of \$8.5 million or 15% in 2015. The decrease in utilities in 2015 mainly resulted from lower electricity cost. In addition, maintenance expense and professional services decreased by \$3.4 million and \$2.1 million, respectively, in 2015 as a result of the cost control measures taken by the University.

Other expenses amounted to \$61.3 million and \$66.3 million for the years ended June 30, 2015 and 2014, respectively, a decrease of \$5 million or 7% in 2015. The decrease in 2015 mainly resulted from the decrease in losses incurred in other accounts receivable of \$4.8 million and the decrease in the depreciation and amortization expense. Depreciation and amortization expense amounted to \$44.7 million and \$46.5 million for the years ended June 30, 2015 and 2014, respectively, a decrease of \$1.8 million or 4% in 2015.

For the year ended June 30, 2015, the University reported an operating loss of \$1.01 billion. After adding nonoperating revenues of \$1.09 billion, primarily from the Commonwealth's appropriations and Federal programs, and capital appropriations, additions to term and permanent endowments and transfers in of \$2.9 million, the net position increased by \$87.8 million for the year ended June 30, 2015 or 17% over the prior year net position.

Effective July 1, 2014, the University mainly recognized a net pension liability which resulted in a decrease of \$2.24 billion in its net position as a result of the adoption of GASB Statement No. 68 and GASB Statement No. 71.

Changes in Net Position for the Year Ended June 30, 2014:

Total operating revenues amounted to \$263.8 million and \$299.4 million and for the years ended June 30, 2014, and 2013, respectively, a decrease of \$35.6 million or 12% in 2014. The changes in operating revenues mainly resulted from the changes in tuitions and fees, in governmental grants and contracts and in patient services revenues.

Tuitions and fees decreased by approximately \$19.8 million or 29% from \$67.8 million in 2013, to \$48.0 million in 2014, mainly as a result of the elimination of the stabilization fee effective July 1, 2013 and the increase in the provision for doubtful accounts, which were partially offset by a decrease in the scholarship allowances and slight increase in the student enrollment at the University. The University tuition is among the lowest in Puerto Rico and in the United States of America. A stabilization fee was charged to all students in addition to tuition charges and other fees already in place in the University up to June 30, 2013. The stabilization fee amounted to \$400 per student per semester. This stabilization fee increased revenue from tuitions and fees by \$42.9 million in fiscal year ended June 30, 2013. On January 26, 2013, the stabilization fee was repealed by the former Board of Trustees of the University effective July 1, 2013. Scholarship allowances decreased by \$22.3 million or 31%, from \$70.9 million in 2013

to \$48.6 million in 2014, as a result of the elimination of the stabilization fee. In accordance with a Board of Trustees Resolution, tuition cost per credit has been increased 4% annually per incoming class since academic year 2007-2008 to academic year 2012-2013. On July 30, 2013, the Governing Board of the University declared a moratorium period of one year to the 4% annual increase per incoming class in the tuition cost per credit. This moratorium period was extended for an additional year until the University completes a study of tuition costs.

In 2014, revenues from governmental grants and contracts decreased by \$15.0 million or 12% from \$129.9 million in 2013 to \$114.9 million in 2014. The decrease in 2014 mainly resulted from a decrease of \$15.1 million or 14% in the federal grants and contracts as a result of lower grants and contracts for research and development and improving teacher quality, and a higher provision for doubtful accounts which increased by \$2.8 million from \$2.8 million in 2013 to \$5.6 million in 2014. Although the Commonwealth's grants and contracts remained flat when compared to 2013 balance, the provision for doubtful accounts increased by \$8.6 million from \$3.2 million in 2013 to \$11.8 million in 2014.

Patient services revenue amounted to \$67.7 million and \$65.5 million for the years ended June 30, 2014 and 2013, respectively, an increase of \$2.2 million or 3% in 2014. Patient service revenue depends on medical services, including laboratories, provided by the University's Medical Sciences Campus faculty members. Also, the provision for doubtful accounts increased by \$7.7 million in 2014.

Total non-operating revenues amounted to \$1.09 billion and \$1.04 billion for the years ended June 30, 2014 and 2013, respectively, an increase of \$47.3 million or 5% in 2014.

The Commonwealth appropriations amounted to \$938.1 million and \$902.0 million for the years ended June 30, 2014 and 2013, respectively, an increase of \$36.1 million or 4% in 2014.

Appropriations from the Commonwealth are the principal source of revenues of the University and are mainly supported by Act No. 2 of January 20, 1966, as amended. Under the Act, the Commonwealth appropriates for the University an amount equal to 9.60% of the average total amount of annual general fund revenues collected under the laws of the Commonwealth in the two fiscal years immediately preceding the current fiscal year (the Commonwealth formula appropriations). The Commonwealth formula appropriations amounted to \$833.9 million and \$756.8 million for the years ended June 30, 2014 and 2013, respectively, an increase of \$77.1 million or 10% in 2014. On April 7, 2013, Act No. 7 amended Act No. 2 of January 20, 1966, as amended, and revised the formula for the Commonwealth appropriations effective July 1, 2013. In addition, the average total amount of annual general fund revenues collected by the Commonwealth has increased in the last two fiscal years which resulted in more appropriations from the Commonwealth to the University.

Appropriations from the Commonwealth also include unremitted distributions of income received by the University from the PRTC under the Gambling Law (slot machines and others) by virtue of Act No. 36 of 2005 which are payable upon demand. PRTC appropriations for the years ended June 30, 2014 and 2013 amounted to approximately \$64.4 million and \$67.9 million, respectively, a decrease of \$3.5 million or 5% in 2014.

In addition, the Commonwealth has appropriated amounts for general current obligations, for capital improvement programs, and for loans and financial assistance to students. These Commonwealth appropriations amounted to \$39.7 million and \$77.4 million for the years ended June 30, 2014 and 2013, respectively, a decrease of \$37.7 million or 49% in 2014. In 2013, the Commonwealth's appropriations included \$30 million from appropriations received from the Special Scholarship Fund. By virtue of Act No. 176 of November 2010, as amended by Act No. 46 of April 2011, the Commonwealth of Puerto Rico had committed to transfer 10% of the Additional Lottery's net annual income with a guaranteed minimum amount of \$30 million per academic year, for the creation of a Special Scholarship Fund for the University of Puerto Rico. The purpose of the fund was to provide financial aid to graduate and undergraduate students. The fund was administered by the University. On April 7, 2013, Act No. 176 was derogated by Act No. 7, which among other matters, eliminated the Special Scholarship Fund for the University.

Federal Pell Grant program revenues amounted to \$162.0 million in 2014 and \$161.6 million in 2013, an increase of approximately \$384,000 in 2014. The increase in 2014 was mainly due to the increase in the number of eligible participants. Federal Pell Grant program assistance was reduced as a result of changes in the eligibility requirements such as: the minimum expected family contribution that qualifies for the maximum Pell Grant was reduced from \$30,000 to \$23,000 and the Pell lifetime eligibility period was reduced from 18 to 12 semesters, among other changes.

Capital appropriations amounted to \$5.1 million in 2014 and \$5.2 million in 2013, a slight decrease of approximately \$128,000 in 2014.

Total operating expenses amounted to \$1.33 billion and \$1.32 billion for the years ended June 30, 2014 and 2013, respectively, an increase of \$7.3 million or less than 1% in 2014. Operating expenses increased in 2014 mainly as a result of salary increases granted to faculty personnel and to the exempt staff.

Salaries and benefits, the most significant component of operating expenses, amounted to \$872.8 million and \$854.7 million for the years ended June 30, 2014 and 2013, respectively, an increase of \$18.1 million or 2% in 2014.

Salaries amounted to \$628.2 million in 2014 and \$600.9 million in 2013, an increase of \$27.3 million or 5% in 2014. Salaries increased in 2014 mainly in the faculty personnel which increased by \$18.7 million and in the exempt staff which increased by \$8.7 million as a result of salary increases given to employees, which were partially offset by a reduction of about 218 positions of retired employees and of employees under contracted services.

Benefits amounted to \$244.6 million in 2014 and \$253.8 million in 2013, a decrease of \$9.2 million or 4% in 2014. Benefits changes mainly resulted from approximately \$29.8 million in special bonuses granted to all its employees in August and September 2012, as a result of the negotiations of the collective bargaining agreements and the certifications approved by the former Board of Trustees of the University. In addition, the University increased its contribution rate to the retirement plan from 14.7% in 2012 to 15.8% in 2013 and in 2014, and made

additional contributions to the Retirement System of \$10.0 million in 2013 and \$10.5 million in 2014, which resulted in an increase of \$14.1 million and \$2.3 million in the contribution benefit to the retirement plan in 2013 and 2014, respectively. In addition, the pharmacy component of the medical plan increased by \$7.0 million or 11% in 2014 as a result of the utilization given by participants.

Scholarships and fellowships amounted to \$183.2 million and \$184.5 million for the years ended June 30, 2014 and 2013, respectively, a decrease of \$1.3 million or 1% in 2014. The decreases in 2014 and 2013 resulted from a decrease in the number of eligible participants mainly as a result of changes in the eligibility requirements in the Federal Pell Grant program.

Supplies and other services and utilities amounted to \$208.7 million and \$213.2 million for the years ended June 30, 2014 and 2013, respectively, a decrease of \$4.5 million or 2% in 2014. The decreases in 2014 resulted from the cost control measures taken by University. The decrease in 2014 mainly resulted from the decrease in professional services, which was partially offset by the increase in the utilities (mainly in water supply). Utilities amounted to \$56.3 million and \$54.2 million for the years ended June 30, 2014 and 2013, respectively, an increase of \$2.1 million or 4% in 2014. The increase in 2014 mainly resulted from an increase in water supply of \$3.2 million, which was partially offset by a decrease in electricity of \$2.5 million.

Other expenses amounted to \$66.3 million and \$71.2 million for the years ended June 30, 2014 and 2013, respectively, a decrease of \$5.0 million or 7% in 2014. The changes in 2014 mainly resulted from the changes in the depreciation and amortization expense. Depreciation and amortization expense amounted to \$46.5 million and \$49.5 million for the years ended June 30, 2014 and 2013, respectively, a decrease of \$3.0 million or 6% in 2014.

For the year ended June 30, 2014, the University reported an operating loss of \$1.07 billion. After adding nonoperating revenues of \$1.09 billion, primarily from the Commonwealth's appropriations and Federal programs, and capital appropriations, additions to term and permanent endowments and transfers in of \$5.7 million, the net position increased by \$30.2 million for the year ended June 30, 2014 or 6% over the prior year net position.

Changes in Net Position for the Year Ended June 30, 2013:

Total operating revenues amounted to \$299.4 million and \$370.0 million for the years ended June 30, 2013 and 2012, respectively, a decrease of \$70.6 million or 19% in the changes in operating revenues mainly resulted from the changes in tuitions and fees, in governmental grants and contracts and in patient services revenues.

Tuitions and fees decreased by approximately \$4.7 million or 6% from \$72.5 million in 2012 to \$67.8 million in 2013, mainly as result of an increase in the scholarship allowances, which was partially offset by a slight increase in the student enrollment at the University. Scholarship allowances increased by \$3.9 million or 6% from \$67.0 million in 2012 to \$70.9 million in 2013. For fiscal year 2013, the student body of the University consisted of approximately 56,943 students, an increase of 284 students when compared with approximately 56,659 students for fiscal year 2012. In accordance with a Board of Trustees Resolution, tuition cost per credit has been increased 4% annually per incoming class since academic year 2007-2008 to academic year

2012-2013. A stabilization fee was charged to all students in addition to tuition charges and other fees already in place in the University up to June 30, 2013. The stabilization fee amounted to \$400 per student per semester. This stabilization fee increased revenue from tuitions and fees by \$42.9 million in fiscal year ended June 30, 2013.

In 2013, revenues from governmental grants and contracts decreased by \$44.3 million or 25% from \$174.2 million in 2012 to \$129.9 million in 2013. The decrease in 2013 mainly resulted from a Commonwealth's grant and contract for professional development of public school teachers and other purposes which increased these revenues by approximately \$26.3 million in 2012. No such grant was obtained in 2013. Also, the provision for doubtful accounts related to the Commonwealth grants and contracts increased by \$8.5 million from a credit to provision of \$5.3 million in 2012 to a provision of \$3.2 million in 2013. In addition, federal grants and contracts decreased by \$15.9 million or 13% from \$125.0 million in 2012, to \$109.1 million in 2013. The decrease in 2013 mainly resulted from a situation related to the National Science Foundation (NSF) federal awards and the increase of \$2.8 million in the provision for doubtful accounts related to the federal grants and contracts. Effective April 23, 2012, NSF, an independent U.S. government agency, suspended the federal awards for research and development in the Research and Development Center at the Mayagüez Campus and in the Resource Center for Science and Engineering ascribed to the Central Administration unit of the University because the University has not corrected the time and effort reporting deficiencies as established in its Corrective Action Plan related to previous audits' findings.

Patient services revenue amounted to \$65.5 million and \$86.8 million for the years ended June 30, 2013 and 2012, respectively, a decrease of \$21.3 million or 25% in 2013. Patient service revenue depends on medical services, including laboratories, provided by the University's medical Sciences Campus faculty members. Also, the provision for doubtful patient accounts increased by \$8.4 million in 2013.

Total non-operating revenues amounted to \$1.04 billion and \$995.2 million for the years ended June 30, 2013 and 2012, respectively, an increase of \$49.2 million or 5% in 2013.

The Commonwealth appropriations amounted to \$902.0 million and \$834.1 million for the years ended June 30, 2013 and 2012, respectively, an increase of \$67.9 million or 8% in 2013.

Appropriations from the Commonwealth are the principal source of revenues of the University and are mainly supported by Act No. 2 of January 20, 1966, as amended. Under the Act, the Commonwealth appropriates for the University an amount equal to 9.60% of the average total amount of annual general funds revenues collected under the laws of the Commonwealth in the two fiscal years immediately preceding the current fiscal year (the Commonwealth formula appropriations). The Commonwealth formula appropriations amounted to \$756.8 million and \$685.9 million for the years ended June 30, 2013, and 2012, respectively, an increase of \$70.9 million or 10% in 2013.

Appropriations from the Commonwealth also include unremitted distributions of income received by the University from the PRTC under the Gambling Law (slot machines and others) by virtue of Act No. 36 of 2005 which are payable upon demand. PRTC appropriations for the years ended

June 30, 2013 and 2012 amounted to approximately \$67.9 million and \$70.9 million, respectively, a decrease of \$3.0 million or 4% in 2013.

In addition, the Commonwealth has appropriated amounts for general current obligations, for capital improvement programs, and financial assistance to students. These Commonwealth appropriations amounted to \$77.4 million and \$77.2 million for the years ended June 30, 2013, respectively, an increase of approximately \$144,000 in 2013. In 2013 and 2012, these Commonwealth's appropriations included \$30 million from appropriations received from the Special Scholarship Fund. By virtue of Act No. 176 of November 2010, as amended by Act No. 46 of April 2011, the Commonwealth of Puerto Rico had committed to transfer 10% of the Additional Lottery's net annual income with a guaranteed minimum amount of \$30 million per academic year, for the creation of a Special Scholarship Fund for the University of Puerto Rico. The purpose of the fund was to provide financial aid to graduate and undergraduate students. The fund was administered by the University.

Total operating expenses amounted to \$1.32 billion for the years ended June 30, 2013 and 2012, an increase of \$2.2 million or less than 1% in 2013. The increase of operating expenses in 2013 is mainly resulted from the increase in fringe benefits.

Salaries and benefits, the most significant component of operating expenses, amounted to \$854.7 million and \$827.8 million for the years ended June 30, 2013 and 2012, respectively, an increase of \$26.9 million or 3% in 2013. In August and September 2012, the University granted approximately \$29.8 million in special bonuses to all its employees as a result of the negotiations of the collective bargaining agreements and the certifications approved by the former Board of Trustees of the University. In addition, the University increased its contribution rate to the retirement plan from 14.7% in 2012 to 15.8% in 2013 and made an additional contribution to the retirement system of \$10.0 million, which resulted in an increase of \$14.1 million in the contribution benefit to the retirement plan in 2013. The increases in above fringe benefits were partially offset by a decrease in salaries expense mainly in exempt staff of \$5.2 million. In 2013, the University reduced about 140 positions of retired employees and of employees under contracted services.

Scholarships and fellowships amounted to \$184.5 million and \$204.0 million for the years ended June 30, 2013 and 2012, respectively, a decrease of \$9.5 million or 4% in 2013. The decreases in 2013 resulted from a decrease in the number of eligible participants mainly as a result of changes in the eligibility requirements in the Federal Pell Grant program.

Supplies and other services and utilities amounted to \$213.2 million and \$222.7 million for the years ended June 30, 2013 and 2012, respectively, a decrease of \$9.5 million or 4% in 2013. The decrease in 2013 mainly resulted from the decrease in the uses of educational, medical and printing materials and the decrease in the utilities expense category (mainly electricity). Utilities amounted to \$54.2 million and \$58.0 million for the years ended June 30, 2013 and 2012, respectively, a decrease of \$3.8 million or 6% in 2013. The decrease in utilities in 2013 mainly resulted from lower electricity cost.

For the year ended June 30, 2013, the University reported an operating loss of \$1.02 billion. After adding nonoperating revenues of \$1.04 billion, primarily from the Commonwealth's

appropriations and Federal programs, and capital appropriations, additions to term and permanent endowments and transfers in of \$7.9 million, the net position increased by \$28.1 million for the year ended June 30, 2013 or 6% of last year net position.

Changes in Net Position for the Year Ended June 30, 2012:

Total operating revenues amounted to \$370.0 million and \$354.3 million for the years ended June 30, 2012 and 2011, respectively, an increase of \$15.7 million or 4% in 2012. The changes in operating revenues mainly resulted from the changes in tuitions and fees, in governmental grants and contracts and in patient services revenues.

Tuitions and fees decreased by \$976,000 or 1%, from \$73.4 million in 2011 to \$72.5 million in 2012, mainly as a result of a lower student enrollment at the University. For fiscal year 2012, the student body of the University consisted of approximately 56,659 students, a decrease of 5,130 students or 8% when compared with approximately 61,789 students for fiscal year 2011. In fiscal year 2010, a student conflict interrupted operations of the University campuses for up to 62 days. Historical data demonstrate that a decrease in applicants and enrollment always follows labor or student conflicts, recuperating thereafter to normal rates.

In 2012, revenues from governmental grants and contracts increased by \$12.7 million or 8% from \$161.5 million in 2011, to \$174.2 million in 2012. The increase in 2012 mainly resulted from the increase in the Commonwealth's grants and contracts for professional development of public school teachers and other purposes.

Patient services revenue amounted to \$86.8 million and \$71.5 million for the years ended June 30, 2012 and 2011, respectively, an increase of \$15.3 million or 21 % in 2012. In 2012, patient service revenue increased as a result of more services provided by the University's Medical Sciences Campus faculty members.

Total non-operating revenues amounted to \$995.2 million and \$1.04 billion for the years ended June 30, 2012 and 2011, respectively, a decrease of \$42.6 million or 4% in 2012.

In addition, the Commonwealth appropriations amounted to \$834.1 million and \$839.4 million for the years ended June 30, 2012 and 2011, a decrease of \$5.3 million or less than 1% in 2012.

Appropriations from the Commonwealth are the principal source of revenues of the University and are mainly supported by Act No. 2 of January 20, 1966, as amended. Under the Act, the Commonwealth appropriates for the University an amount equal to 9.60% of the average total amount of annual general funds revenues collected under the laws of the Commonwealth in the two fiscal years immediately preceding the current fiscal year (the Commonwealth formula appropriations). The non-operating revenues were negatively impacted by the continued reduction in the Commonwealth formula appropriations as a result of the reduction in the Commonwealth's general funds revenues. The Commonwealth formula appropriations amounted to \$685.9 million and \$691.5 million for the years ended June 30, 2012 and 2011, respectively, a decrease of \$5.6 million or less than 1% in 2012.

In addition, the Commonwealth has appropriated amounts for general current obligations, for capital improvement programs, and for financial assistance to students. These Commonwealth appropriations amounted to \$148.2 million and \$147.9 million for the years ended June 30, 2012 and 2011, respectively. The increase mainly resulted from the appropriations received from the Special Scholarship Fund by virtue of Act No. 176 of November 2010, as amended by Act No. 46 of April 2011.

Federal Pell Grant program revenues amounted to \$174.1 million in 2012 and \$179.2 million in 2011, a decrease of \$5.1 million or 3% in 2012. The decrease in 2012 was mainly due to the decrease in the Federal Pell Grant assistance along with a decrease in the number of eligible participants. Federal grants represent 67% of the University operating grants revenues.

Total operating expenses amounted to \$1.32 billion and \$1.35 billion for the years ended June 30, 2012 and 2011, respectively, a decrease of \$29.3 million or 2% in 2012. The reduction in operating expenses is the result of the cost control measures taken by University in the fiscal years 2012.

Salaries and benefits, the most significant component of operating expenses, amounted to \$827.8 million and \$860.1 million for the years ended June 30, 2012 and 2011, respectively, a decrease of \$32.3 million or 4%. In 2012, these expenses decreased as a result of strict control measures taken by management which includes the replacement of no more than 33% of retired employees, reductions in employees' benefits such as excess compensated absences, among others. In 2012, the University reduced about 250 positions of retired employees and of employees under contracted services. Notwithstanding that salary expense decreased in 2012, the University increased its contribution rate to the retirement plan from 13.0% to 14.7% which resulted in an increase of \$4.3 million in the contribution benefit to the retirement plan.

Scholarships and fellowships amounted to \$204.0 million and \$215.2 million for the years ended June 30, 2012, and 2011, respectively, a decrease of \$11.2 million or 5% in 2012. The decrease in 2012 mainly resulted from a decrease in the number of eligible participants.

Supplies and other services and utilities amounted to \$222.7 million and \$206.5 million for the years ended June 30, 2012 and 2011, respectively, an increase of \$16.2 million or 8% in 2012. The increases in 2012 mainly resulted in the utilities expense category (mainly electricity), in supplies for educational and medical purposes and in additional professional services. Utilities amounted to \$58.0 million and \$50.6 million for the years ended June 30, 2012 and 2011, respectively, an increase of \$7.4 million or 15% in 2012. Such increase in utilities mainly resulted from significant oil prices increases experienced for the period.

For the year ended June 30, 2012, the University reported an operating loss of \$951.4 million. After adding nonoperating revenues of \$995.2 million, primarily from the Commonwealth's appropriations and Federal programs, and capital appropriations, additions to term and permanent endowments and transfers in of \$2.7 million, the net position increased by \$46.6 million for the year ended June 30, 2012 or 11% of last year net position.

Changes in Net Position for the Year Ended June 30, 2011:

Total operating revenues amounted to \$354.3 million and \$265.1 million for the years ended June 30, 2011, and 2010, respectively, an increase of \$89.2 million or 34% in 2011. The changes in operating revenues mainly resulted from the changes in tuition and fees, in governmental grants and contracts, and in patient services revenues.

Tuition and fees increased by \$31.6 million or 76%, from \$41.8 million in 2010 to \$73.4 million in 2011, mainly as a result of the stabilization fee established by the Board of Trustees of the UPR on June 30, 2010 to address the UPR's budgetary deficit issues. This stabilization fee is charged to all students in addition to tuition charges and other fees already in place in the UPR. The stabilization increased revenue from tuitions and fees by \$41.3 million in fiscal year 2011.

Revenues from governmental grants and contracts increased by \$29.8 million or 23% from \$131.7 million in 2010, to \$161.5 million in 2011. The increase in 2011 mainly resulted from the increases in the federal and in the Commonwealth's grants and contracts for agricultural station services and other purposes.

Patient services amounted to \$71.5 million and \$51.4 million in the years ended June 30, 2011 and 2010, respectively, an increase of \$20.1 million or 39% in 2011.

Total non-operating revenues amounted to \$1.04 billion and \$1.12 billion for the years ended June 30, 2011 and 2010, respectively, a decrease of \$87.0 million or 7.7% in 2011. In 2011, the UPR received nonrecurring revenues from the American Reinvestment and Reconstruction Act (ARRA funds) of \$15.0 million while in 2010, \$105.0 were received.

The Commonwealth appropriations amounted to \$839.4 million and \$839.3 million for the years ended June 30, 2011, and 2010.

Appropriations from the Commonwealth are the principal source of revenues of the University and are mainly supported by Act No. 2 of January 20, 1966, as amended. Under the Act, the Commonwealth appropriates for the University an amount equal to 9.60% of the average total amount of annual general funds revenues collected under the laws of the Commonwealth in the two fiscal years immediately preceding the current fiscal year (the Commonwealth formula appropriations). The non-operating revenues were negatively impacted by the continued reduction in the Commonwealth formula appropriations as a result of the reduction in the Commonwealth's general funds revenues. The Commonwealth formula appropriations amounted to \$691.5 million and \$729.1 million for the years ended June 30, 2011, 2010, respectively, a decrease of \$37.6 million or 5% in 2011.

In addition, the Commonwealth has appropriated amounts for general current obligations, for capital improvement programs, and for loans and financial assistance to students. These Commonwealth appropriations amounted to \$147.9 million and \$110.2 million for the years ended June 30, 2011 and 2010, respectively, an increase of \$37.7 million or 34% in 2011. The increase in 2011 mainly resulted from the appropriations received from the Special Scholarship Fund. By virtue of Act No. 176 of November 2010, as amended by Act No. 46 of April 2011, the Commonwealth of Puerto Rico has committed to transfer 10% of the Additional Lottery's net

annual income with a guaranteed minimum amount of \$30 million per academic year, for the creation of a Special Scholarship Fund for the University of Puerto Rico. The purpose of the fund is to provide financial aid to graduate and undergraduate students. The fund will be administered by the University. Proceeds of this fund received by the University in 2011 amounted to \$30.0 million.

Federal Pell Grant program revenues amounted to \$179.2 million in 2011 and 2010. Federal grants represent 76% of the University operating grants revenues.

Total operating expenses amounted to \$1.35 billion and \$1.42 billion for the years ended June 30, 2011, and 2010, respectively, a decrease of \$72.2 million or 5.0% in 2011. The reduction in the increasing path of operating expenses is the result of the cost control measures taken by University in the fiscal year 2011.

Salaries and benefits, the most significant component of operating expenses, amounted to \$860.1 Million and \$933.6 million for the years ended June 30, 2011 and 2010, respectively, a decrease of \$73.6 million or 8% in 2011. In 2011, these expenses decreased as a result of strict control measures taken by Management which includes the replacement of no more than 33% of retired employees, reductions in employees' benefits such as excess compensated absences, among others. In 2011, the University reduced about 800 positions of retired employees and of employees under contracted services. Notwithstanding that salary expense decreased in 2011, the University increased its contribution rate to the retirement plan from 11.4% to 13.0% which resulted in an increase of \$10.0 million in the contribution benefit to the retirement plan.

Scholarships and fellowships amounted to \$215.2 million, \$211.8 million and \$176.6 million for the years ended June 30, 2011 and 2010, respectively, an increase of \$3.4 million or 2% in 2011. The increase in 2011 mainly resulted from \$24.0 million in scholarships granted under the Special Scholarship Fund approved by Act No. 176 of November 2010, as amended by Act No. 46 of April 2011.

Supplies and other services and utilities amounted to \$206.5 million and \$198.7 million for the years ended June 30, 2011 and 2010, respectively, an increase of \$7.8 million or 4% in 2011. The increase in 2011 mainly resulted from additional professional services.

For the year ended June 30, 2011, the University reported an operating loss of \$996.3 million. After adding nonoperating revenues of \$1.04 billion, primarily from the Commonwealth's appropriations and Federal programs, and capital appropriations, additions to term and permanent endowments and transfers in of \$16.8 million, the net position increased by \$58.3 million or 16% for the year ended June 30, 2011.

Subsequent Events

Puerto Rico Emergency Moratorium and Financial Rehabilitation Act

On April 6, 2016, Governor Alejandro J. García Padilla signed into law the Puerto Rico Emergency Moratorium and Rehabilitation Act ("Act No. 21"). Among other objectives, Act No. 21 allows the Governor to declare – at some point in the future – a moratorium on debt service payments and

to stay related creditor remedies for a temporary period for the Commonwealth, the GDB, the Economic Development Bank for Puerto Rico (the “EDB”), and certain additional government instrumentalities in Puerto Rico, including the University. The temporary period set forth in Act No. 21 lasts until January 31, 2017, with a possible two-month extension in the Governor’s discretion. The provisions regarding the moratorium and stay in respect of any obligations owed by the University require executive action of the Governor to become effective. At this time, the Governor has not taken any executive action in respect of the University, and Act No. 21 does not currently affect the University’s obligations, including to make debt service payments.

On April 8, 2016, Governor García Padilla signed an executive order, EO-2016-010 (the “Executive Order”), declaring GDB to be in a state of emergency pursuant to Act No. 21. The Executive Order, in accordance with the emergency powers provided for in Act No. 21, implemented a regulatory framework governing GDB’s operations and liquidity, including establishing a procedure with respect to governmental withdrawals, payments, and transfer requests in respect of funds held on deposit at GDB and loan disbursements by GDB. The procedures implemented by the Executive Order may result in restrictions on the ability of the University to withdraw any funds held on deposit at GDB or to receive any disbursements on loans granted by GDB during the period of the Executive Order, which is in effect until June 30, 2016. However, while the Executive Order created a stay on the enforcement of certain financial debt obligations of GDB, it did not impose a moratorium on any financial debt obligation of GDB. The Executive Order did not declare an emergency period for the Commonwealth itself, the University or any other entity, other than GDB.

Net Pension Liability for Fiscal Year 2016

For the fiscal year 2016, the net pension liability determined by an actuarial valuation amounted to approximately \$1.48 billion, a decrease of approximately \$621.9 million or 29.6% when compared with the balance as of June 30, 2015. The decrease mainly resulted from an increase in the discount rate used to measure the total pension liability for fiscal year 2016 to 7.45 percent. The projection of cash flows used to determine the discount rate for fiscal year 2016 assumed that plan member contributions will be made at the current contribution rate and that the Plan contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Effective July 1, 2015, the contribution rates reflect amortization of the Retirement System’s unfunded actuarial accrued liability over a closed 40-year period from that date as establishing by Certification No. 146 (2014-2015) of the Governing Board issued on June 4, 2015. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the plan year ending June 30, 2060. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payments through June 30, 2060 and the applicable municipal bond index rate of 3.82%, based on the Bond Buyer General Obligation 20- year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of June 30, 2015, was applied to all periods of projected benefit payments after June 30, 2060. The Single Equivalent Interest Rate of 7.45% that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability for the fiscal year 2016.

Other

On September 11, 2015, S&P downgraded the University's revenue bonds and the DUI's AFICA bonds from CCC- to CC. The rating action followed the downgrade on September 10, 2015 by S&P of the Commonwealth of Puerto Rico (the Commonwealth) and certain public corporations (including GDB)'s bonds given the University's significant dependence on the Commonwealth. The outlook is negative.

Pension Plan

The University of Puerto Rico Retirement System (the "Retirement System") is a single- employer, defined benefit pension plan that covers that covers all employees of the University with the exception of hourly, temporary, part-time, contract and substitute employees, and visiting professors. It is qualified and exempt from Puerto Rico and United States income taxes. The System is not subject to the requirements of the Employees Retirement Income Security Act of 1974 "(ERISA)". The Retirement System provides retirement, disability and death benefits to participants and beneficiaries. The fund is financed by fixed contributions made by the UPR and the employees and by income from invested reserves.

As of June 30, 2014, the date of the most recent actuarial valuation, the actuarial value of assets of the Retirement System was approximately \$1.32 billion, its actuarially determined total pension liability was approximately \$3.43 billion and its net pension liability was approximately \$2.10 billion.

The University is supposed to contribute at an actuarially determined rate; the rates for the year ended June 30, 2015 and 2014 were 17.3% and 15.8%, respectively, of annual covered payroll. The actuarially determined employer contribution rate comes from an actuarial valuation at the beginning of the fiscal year. It takes into account payment of administrative expenses. Therefore, administrative expenses are paid out of the plan fund. For the years ended June 30, 2015 and 2014, the University contributed to the Retirement System 17.1% and 17.8%, respectively, of the annual covered payroll. Employees are required to contribute from 7% to 11% of their annual covered salary up to certain specified amounts, as defined.

PLEDGED REVENUES AND COVERAGE

Historical

The following table presents the Pledged Revenues plus Sinking Funds Reserve Account Interest Income and subordinated University's Bonds for the five fiscal years ended June 30, 2015 , and the ratio of such amounts to Principal and Interest Requirements for the Bonds and other indebtedness of the UPR.

HISTORICAL REVENUES AND DEBT SERVICE COVERAGE

	2011	2012	2013	2014	2015
	(Dollars in thousands)				
Tuition and Other Fees	\$ 86,414	\$ 78,529	\$ 80,982	\$ 83,254	\$ 83,528
Student Fees	4,456	4,881	4,507	5,101	5,030
Stabilization Fees	41,326	44,187	42,879	-	-
Facility Rental and Bookstore	1,765	1,784	1,829	1,865	2,043
Interest On Investment Funds	306	369	391	380	620
Research Overhead Allowance on Federal Projects	16,925	19,530	13,056	12,903	15,864
Other Income ⁽¹⁾	28,578	31,415	29,286	28,770	30,752
Total Pledged Revenue	179,770	180,695	172,930	132,273	137,837
Sinking Fund Reserve Account Interest	691	235	181	134	109
Total Pledged Revenues plus Interest	\$ 180,461	\$ 180,930	\$ 173,111	\$ 132,407	\$ 137,946
Aggregate Debt Service:					
Principal and Interest Requirements	\$ 54,780	\$ 53,321	\$ 55,237	\$ 42,554	\$ 42,554
Senior Debt Service Coverage Ratio⁽²⁾	3.29	3.39	3.13	3.11	3.24
DUI's AFICA Bond (Plaza Universitaria) (Subordinate to Bonds)	5,626	5,602	5,597	5,642	5,644
Aggregate Debt Service	\$ 60,406	\$ 58,923	\$ 60,834	\$ 48,196	\$ 48,198
Total Debt Service Coverage Ratio	2.99	3.07	2.85	2.75	2.86

(1) Commencing in fiscal year 2002-2003, includes \$25 million provided annually by the Commonwealth to the University by a transfer mechanism outside of Act No. 2 of 1966. These funds, which are derived from a tax on certain gambling revenues, had been previously eliminated through Act 138 of July 1, 1999 (Educational Opportunity Law).

(2) Ratio of Total Pledged Revenues plus interest earned on Reserve Account to Principal and Interest Requirements for the University's Bonds.

The Trust Agreement governing the bonds issued required a ratio of total pledged revenues plus interest earned on reserve account to principal and interest requirements for the University's bonds of a least 1.5 to 1 (total debt service coverage ratio). At June 30, 2015 the University was in compliance with the total debt service coverage ratio requirement.

COMMONWEALTH SUPPORT TO THE UNIVERSITY

The UPR receives a high level of financial support from the Commonwealth for operating purposes. The source of such support is Act No. 2 of 1966. Under Act No. 2 of 1966, the Commonwealth currently appropriates to the University an amount equal to 9.6% of the average total amount of annual General Fund revenues collected under the laws of Puerto Rico in the two fiscal years immediately preceding the current fiscal year. The 9.6% level will continue unless the Commonwealth of Puerto Rico determines otherwise (through the fiscal year ended June 30, 1996, the percentage had been 9.33% and through the fiscal year ended June 30, 1993 the percentage had been 9.00%). See "PUERTO RICO TAXES, OTHER REVENUES AND EXPENDITURES" in the Commonwealth Report. In addition, the Commonwealth has in recent years appropriated additional restricted funds for loans and financial assistance to students.

Act No. 36 of 2005 restored previous sources of funding to the University and assigned 45.45% of the income received by the Commonwealth under the Gambling Law to the University.

The following table shows the appropriations to the UPR from the Commonwealth (including Act No. 2 of 1966 appropriations) in each of the five fiscal years ended June 30, 2015.

COMMONWEALTH APPROPRIATIONS

Fiscal Year Ended June 30	Act No. 2 Appropriations	Other Appropriations	Total Appropriations
2010-2011	\$691,487,000	\$147,885,000	\$839,372,000
2011-2012	685,928,000	148,169,000	834,097,000
2012-2013	756,803,000	145,237,000	902,040,000
2013-2014	833,929,000	104,188,000	938,113,000
2014-2015	833,929,000	103,478,000	937,357,000

In addition to the amounts shown above, the Commonwealth of Puerto Rico from time to time appropriates funds for specific capital improvements for the UPR. See "CAPITAL IMPROVEMENTS PROGRAM," below.

CAPITAL IMPROVEMENTS PROGRAM

Historical

Major capital improvements projects completed as to June 30, 2015 include: (1) Improvements to Military and Aerospace Department; El Verde Laboratory at Rio Piedras Campus, (2) Veterinary Clinic Caribbean Primate Research Center at Medical Sciences Campus, (3) Biology Building-Greenhouse at Mayagüez Campus and (4) Science and Technology Building at Bayamón Campus.

The following table summarizes the capital improvements of the University and their funding sources for the five fiscal years ended June 30, 2015.

HISTORICAL CAPITAL IMPROVEMENTS PROGRAM

	2011	2012	2013	2014	2015	Total
	(In thousands)					
Capital Improvements:						
Central Administration	\$ 6,721	\$ 2,466	\$ 7,538	\$ 908	\$ 2,653	20,286
Rio Piedras Campus	4,792	5,996	8,453	3,927	2,554	25,722
Mayagüez Campus	4,354	2,483	1,824	368	477	9,506
Medical Sciences	8,967	4,917	5,610	3,676	1,344	24,514
University of Puerto Rico						
Aguadilla	383	13	212	13	14	635
Arecibo	2,257	1,025	27	2	33	3,344
Bayamón	1,094	290	6,597	5,600	1,579	15,160
Carolina	2	86	250	107	-	445
Cayey	11	204	7	135	95	452
Humacao	5,237	1,929	1,345	441	115	9,067
Ponce	1	30	167	9	-	207
Utuado	35	28	15	-	-	78
	<u>\$ 33,854</u>	<u>\$ 19,467</u>	<u>\$ 32,045</u>	<u>\$ 15,186</u>	<u>\$ 8,864</u>	<u>\$ 109,416</u>

	2011	2012	2013	2014	2015	Total
	(In thousands)					
Sources of funds:						
Internally generated funds:	\$ 1,062	\$ 2,710	\$ 727	\$ 584	\$ 3,633	8,716
Grants:						
Commonwealth grants	2,080	1,420	6,231	323	356	10,410
Federal grants	506	1,584	3,443	2,937	925	9,395
Private Contributions	626	179	-	-	-	805
Borrowed funds and						-
line of credit with GDB	29,580	13,574	21,644	11,342	3,950	80,090
Total	\$ 33,854	\$ 19,467	\$ 32,045	\$ 15,186	\$ 8,864	\$ 109,416

- (1) Excluding expenditures of current funds for the normal replacement of movable equipment and library books, as well as interest during construction, but including major repairs and extraordinary maintenance.
- (2) Used for major repairs and extraordinary maintenance.
- (3) Includes grants from the Commonwealth, and other governmental entities or instrumentalities of Puerto Rico.
- (4) Includes proceeds from the sale of the University's Series P and Series O Bonds and monies borrowed under a Government Development Bank line of credit.

LITIGATION

The UPR is a defendant in various lawsuits arising in the normal course of its business, including contract, construction and miscellaneous claims. In the opinion of the University and its General Counsel, the ultimate disposition of such existing proceedings will not have a material adverse effect on the financial position or operations of the UPR.